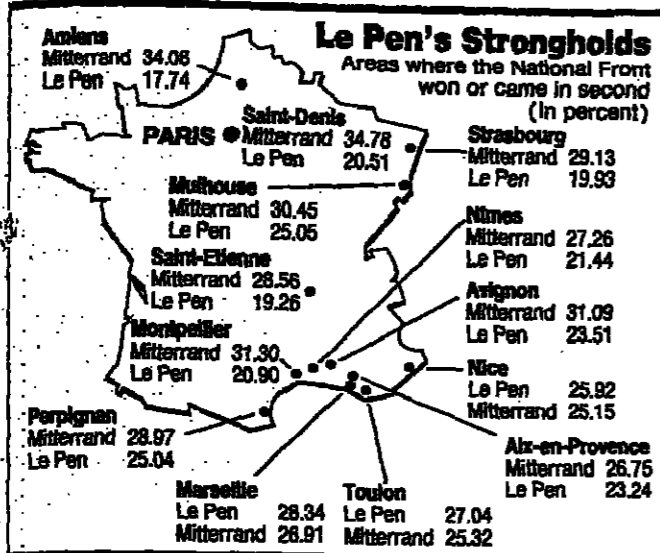


Le Pen's Vote Shatters Unity of the Right



By James M. Markham... PARIS—The first round of balloting in the French presidential election on Sunday did more than designate President François Mitterrand as the odds-on favorite for victory in two weeks...

No Deal With Le Pen, Chirac Vows

By Edward Cody... PARIS—Prime Minister Jacques Chirac, fighting from behind in the French presidential elections, vowed Monday not to negotiate for the far-right support that observers believe is crucial to his chances in the runoff contest May 8 against François Mitterrand.

on Mr. Chirac. To defeat President Mitterrand, Mr. Chirac must gain support from almost all Mr. Le Pen's followers. But he must keep the loyalty of centrists who gave 16.5 percent of the first-round vote to Raymond Barre, a former prime minister.

Europeans Begin to Believe U.S. Really May Cut Its Forces

By Karen DeYoung... BRUSSELS—The Reverend Jesse L. Jackson put it most colorfully. U.S. taxpayers, among them World War II veterans "who today cannot get hearing aids, glasses, teeth or a balanced diet," are spending \$150 billion a year defending Western Europe...

Vice President George Bush agrees. "We must ensure that they carry their fair share of the load," he told interviewees last summer. So does Governor Michael S. Dukakis of Massachusetts, who told The Christian Science Monitor two weeks ago that the allies must do more to bear their "fair share" of the burden.



Israeli policemen surrounding John Demjanjuk on Monday after a judge sentenced him to death.

Israel Sentences Demjanjuk To Hang for His War Crimes

By Glenn Frankel... JERUSALEM—An Israeli court, saying the crimes committed by John Demjanjuk could never be forgotten nor forgiven, sentenced the convicted Nazi executioner on Monday to hang for his role in the extermination of 850,000 Jews and other victims at the Treblinka death camp during World War II.

and sentences of capital cases are automatically appealed to the Supreme Court. Observers said if the sentence is upheld it could take years before it is carried out. The audience applauded as the sentence was read. One person shouted, "May his name and memory be erased and forgotten!" Others sang Jewish folk songs.

Kiosk U.S. Review Set On Civil Rights WASHINGTON (AP)—Four dissenting U.S. Supreme Court justices accused the majority of undermining the trust of minority groups as the court decided Monday to consider overturning a civil rights precedent that allows people to sue private citizens for racial discrimination.

Jaruzelski Concedes To Strikers

By Jackson Diehl... WARSAW—Transport workers in two Polish cities struck for more than 12 hours Monday, halting buses and streetcars in one of the most serious job actions since the suppression of the Solidarity trade union in 1981.

Despite substantial congressional support, executive branch press See ALLIES, Page 6 See FRANCE, Page 6



FORMER ENEMIES, FUTURE FRIENDS—Yasser Arafat, left, head of the Palestine Liberation Organization, meeting Monday in Damascus with President Hafez al-Assad of Syria. Their discussions ended a five-year dispute. Page 2.

Japan Aide Stirs Furor By Comments on War

By Margaret Shapiro... TOKYO—A minister in Prime Minister Noboru Takeshita's cabinet has caused a furor by saying that Japan was not the aggressor in World War II but was simply acting "to protect itself" against "the white race that had turned Asia into a colony."

Rupert Scholz, a West Berlin senator, is to become the new West German defense minister. Page 2. General News American school performance remains "unacceptably low," the U.S. secretary of education says. Page 3. Business/Finance J.P. Stevens & Co., the U.S. textiles giant, agreed to a \$1.2-billion takeover. Page 13. Japanese investors sharply curtailed their purchases of U.S. bonds in March. Page 17.

The official handling of the strike also underlined a continuing trend by the government of General Wojciech Jaruzelski to capitulate to workers' pay demands in an effort to avoid unrest. Activists in Bydgoszcz, a city of 360,000 people, northwest of Warsaw, said the strike was led by representatives of the official Communist-backed union at the transport enterprise as well as members of its workers' self-management committee sympathetic to the banned Solidarity union.

By Marilee Simons... ALTA FLORESTA, Brazil—The men of Paduro pay for a gun, a drink or a plane ride in gold, pure gold dust, like fresh produce just drawn from the soil. They find it beyond Main Street, which doubles as an airstrip, and in grains and nuggets hidden in the mud, the river gravel and the red earth beneath the forest. Paduro is a new camp of gold prospectors outside Alta Floresta, where near-naked men probe and grind the soil of the jungle for a chance at wealth.

and sites," said José Altino Machado, who heads the Federation of Independent Prospectors. "You can't keep up. They open and close and reopen again." Some camps have a few hundred people, others thousands, he said. The effects of the fever extend far beyond the men who strike fortunes. It has spawned networks of smugglers that take much of the bullion out of the country and trade it for dollars, weapons and drugs. Pilots, prostitutes and equipment suppliers, food and alcohol have followed the camps.

Xinhua, the official Chinese news agency, and South Korean newspapers warned that the comments by Saitoku Okuno, 75, who heads the National Land Agency in the Takeshita cabinet, could damage bilateral relations. "Japan fought the war in order to secure its safety," Mr. Okuno said. "The white race had turned Asia into a colony. Japan was by no means a nation of aggression. But when the war ended, he said.

Table with exchange rates for Dollar, DM, Pound, Yen, and FF.

See POLAND, Page 2.

See GOLD, Page 6

Pullback Declared By Kabul Amid Defeats, Afghan Leader Cites Refugees

By David B. Ottaway... KABUL, Afghanistan—In a surprise announcement Monday, Major General Najib, the leader of Afghanistan, said the Afghan Army was pulling back from the border of Pakistan to facilitate the return of refugees. Speaking at a ceremony marking the 10th anniversary of the Afghan revolution, General Najib said "we are ready to create a nonmilitary line" along the border, if Pakistan and U.S.-armed Afghan rebels agree.

Glitter of Gold Suffuses the Rain Forests of Brazil

country seat in a formidable rain forest. A tiny outpost on the cattle frontier in 1980, today it has 121,000 inhabitants and a floating population of about 80,000 diggers in the bush. There are eight banks, 36 establishments that buy and sell gold, 20 drug stores, 68 guest houses and hotels, and a circuit of cabarets. Three inspectors at the tax office are responsible for monitoring the flow of gold. "We just cannot cope," said José Ojeda, the office director. In March, they had registered 271 kilograms (600 pounds) in the Alta Floresta region worth about \$4 million. "We know the figure is much, much higher," said Mr. Ojeda. "Most of the gold goes into the illegal trade."

Such statements, it said, reflect See FUROR, Page 6

Bennett Criticizes Schools

But Improvement Is Cited in Report

By Edward B. Fiske

New York Times Service NEW YORK — William J. Bennett, the U.S. secretary of education, says in a new report that the overall performance of American schools remains "unacceptably low," even though a five-year campaign to improve schools has raised academic standards and led to modest increases in student achievement.

"Too many students do not graduate from our high schools, and too many of those who do graduate have been poorly educated," said Mr. Bennett in the report prepared for President Ronald Reagan. "Our students know too little, and their command of essential skills is too slight."

His criticisms echo remarks he has made previously. They have the added significance now of being part of a long-awaited formal report to the president, "American Education: Making It Work."

The report, released Sunday, marks the fifth anniversary of publication of "A Nation at Risk," a report that provocatively listed the ills of American education and prescribed some strong medicine.

Mr. Bennett said that the means to improve schools were readily available, but that school reform efforts are too frequently blocked by "the narrow, self-interested exercise of political power" by teachers' groups and others with "a vested interest in the educational status quo."

He specifically criticized the "false claim that to fix our schools will first require a fortune in new funding," characterizing this as "opposition by extortion."

Mr. Bennett said that the "good and welcome news" is that the performance of our schools is slightly improved.

"The precipitous downward slide of previous decades has been arrested," he said, "and we have begun the long climb back to reasonable standards."

The report cited a previously unpublished study in which the Department of Education compared the transcripts of 15,000 students who graduated from high school in 1987 with those of a comparable group of 1982 graduates. It concluded that there has been a "movement back into a more rigorous academic curriculum."

On the other hand, Mr. Bennett declared: "We are certainly not doing well enough, and we are not doing well enough fast enough. We are still at risk."

He said that "curricular foolishness has not been eliminated from American high schools," and that many of the academic gains are concentrated in private schools or public schools in wealthy suburban areas.

"Good schools for disadvantaged and minority children are much too rare, and the dropout rate among black and Hispanic youth in many of our inner cities is perilously high," Mr. Bennett said. "An ethos of success is missing from too many American schools."

"A wealth of recent research suggests that what a student studies in high school — regardless of race or family background — is the best predictor of educational success," he declared.

The secretary emphasized that educational researchers now know for the most part "what works" in education and that dramatic changes can be accomplished without large increases in spending. He commented: "There is a simple explanation for the fact that virtually all international studies show American students being outperformed by their foreign counterparts: Children in many other countries spend more time in class, and their teachers use that time more efficiently. In other words, both teachers and students in other countries do more work."

Cameroonians Endorse Leader's Reform Plan

YAOUNDE, Cameroon —

Cameroonians turned out in large numbers to vote for Paul Biya, the incumbent president, in general elections Sunday, according to early returns published Monday.

Mr. Biya, 55, who succeeded President Amadou Ahidjo in 1982, ran unopposed for a second five-year term under a manifesto promising economic reform and limited democracy.

Jackson Tries to Unsnarl Stand on Dealing With Terrorists

By David S. Broder and David Hoffman

Washington Post Service

PITTSBURGH — The Reverend Jesse L. Jackson struggled Monday to clarify his position on dealing with terrorists as he wound up his campaigning for the Pennsylvania Democratic presidential primary on Tuesday.

The closing rallies in Philadelphia, Harrisburg and Pittsburgh were punctuated by formal and informal news conferences on the terrorism topic, which Mr. Jackson introduced Sunday in his uphill challenge to the front-runner for the party's presidential nomination, Governor Michael S. Dukakis of Massachusetts.

In a speech in Washington, Mr. Jackson sought to sharpen the distinctions from Mr. Dukakis on two dimensions of anti-terrorist policy that had come up in a pair of weekend debates in Pennsylvania.

Unlike Mr. Dukakis, he defined South Africa as a nation that "sponsors and conducts" terrorism and which should, in the name of consistency, be subjected to the same kind of preventive raids that Mr. Dukakis has said he would unleash, as president, on clearly identified terrorist base camps.

Second, he said that while Mr. Dukakis ruled out "any concessions" to terrorists, "I will talk to anyone" who can assist in gaining the release of U.S. hostages.

In Pittsburgh on Sunday, after a speech in the convention center, and again the next morning on a bus taking him to a high school assembly, Mr. Jackson led reporters through an often-confusing exposition of his exact differences with Mr. Dukakis and Reagan administration policy.

At mid-morning, on his fourth day, he produced a staff-written statement and a series of responses that reiterated his position on South Africa but made clear that neither as a president nor as a presidential contender would he consider it proper to negotiate personally with terrorists or to offer "material concessions" affecting national security to gain the freedom of hostages.

Mr. Jackson specifically condemned the sale of arms to Iran but said he would not rule out considering granting freedom of passage or immunity from prosecution in return for the release of hostages.

"We are offering it to Noriega," he said, noting that U.S. drug charges against the Panamanian leader, General Manuel Antonio Noriega, are as serious as an act of terrorism. "We did it to get freedom for the hostages in the TWA case, and it was the right thing to do," he added of the hijacking of a Trans World Airlines flight to Beirut in 1985.

In the formal statement Monday, Mr. Jackson said that "we must never do anything to compromise or jeopardize the national interest or national security; having said that, however, we must be willing to talk with anyone to free innocent American hostages." He added: "Talk does not mean material concessions."

Asked how he defined material concessions, Mr. Jackson said, "That is where it becomes situational."

Mr. Jackson has often boasted of his success in negotiating the return of a U.S. Navy lieutenant, Robert O. Goodman Jr., from a Syrian jail as a result of Mr. Jackson's personal intercession with President Hafez al-Assad early in the 1984 presidential campaign.

Lieutenant Goodman's plane was shot down Dec. 4, 1983, during a raid on Syrian anti-aircraft gun positions in Lebanon.

On Monday, Mr. Jackson said that he would not deal with terrorists as president.

"That would raise the status of the terrorists," he said, adding "that should not happen." Any discussions should involve "lower-level diplomats" or third parties, he said.

The whole topic was viewed as a distraction, at best, and a potential embarrassment at worst by some of Mr. Jackson's political aides. They said the candidate's original intention had been to distinguish himself from Mr. Dukakis and put some pressure on the front-runner on the issue of South Africa.

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Late Monday, Mr. Jackson announced he was going to Washington on Tuesday to meet with African ambassadors and members of Congress about the situation in Mozambique.

In his statement Mr. Jackson referred to reports that Renamo, the guerrilla force backed by South Africa, "has killed over 100,000 people in Mozambique."

"Does this not qualify as state-sponsored terrorism?" he asked. "I appeal to Mr. Dukakis to articulate, with regard to these specific acts of terrorism in southern Africa, the same tough-talking policy that he has already articulated for the Middle East."

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Living Abroad Overseas Voters and Fear of Local Taxes

By Sherry Buchanan

International Herald Tribune

LONDON — In the last U.S. presidential election, one of the reasons some Americans living abroad did not vote was that they were afraid they would become liable for state taxes, according to surveys by the Federal Voting Assistance Office at the Department of Defense and by the Federation of the American Women's Clubs Overseas.

According to the surveys, five to 11 percent of overseas Americans did not vote because they were afraid of creating liability for state taxes.

But states cannot use voting in a federal election as a basis to prove an American overseas is still legally a resident of that state. Some states can, and do, use voting in state, municipal and county elections as proof of residence, however.

"It is absolutely against the rules for states to tax overseas voters because they have voted in a federal election," said Stephanie Simons, a partner in Paris with Peat, Marwick, Mitchell, the international accounting firm.

"The law is crystal clear that you cannot be taxed because you register as an overseas voter in federal elections," she added.

"No U.S. government, federal, state or city, may tax anyone for voting in federal elections," said Henry Valentino, director of the Pentagon advisory office.

The 1975 Overseas Citizens Voting Rights Act prohibits the federal, state or city government from considering overseas Americans liable for taxes because they voted for federal office.

One issue this U.S. law does not address is the authority of the Internal Revenue Service to request the lists of registered voters from the states — as long as they are public record — as a way to track down Americans abroad who have not filed tax returns.

But according to Donald Berghem, the assistant IRS commissioner for international matters, the agency has no plans to use voter registration to increase tax compliance.

"It would create a political uproar," said Eric Acosta, an IRS spokesman. "The states want to protect the privacy of their voters."

Opinions differ on whether some states are likely to try to tax overseas residents who vote for local representatives. These states use voting in state, municipal and county elections, along with owning property there, having a car registered there or having children in high school, as criteria to prove that overseas Americans are still resident in that state and liable for taxes.

Other criteria taken into consideration are home ownership, driver's license, and family ties," he said.

In the experience of Price Waterhouse, states with strict domicile rules include North Carolina, Minnesota, Colorado, Arizona, Maryland and Massachusetts.

But others argue that it is possible that voting in local elections could bring about action for tax liability, especially if the other criteria exist. "Some people have received queries from state tax authorities after voting, so they wonder whether there is a connection," said Dean Ferrier of the overseas women's clubs group in Paris.

International accountants, however, have no estimates of how many of their overseas clients became liable for state tax after voting in state, municipal or county elections because there is no way of demonstrating a direct cause and effect.

"A state might seize this and jump on someone for voting in local elections," said Steve Kates, a partner in New York with Arthur Young and its director of expatriate services. "Someone who votes in a state election is asking for trouble."

In the formal statement Monday, Mr. Jackson said that "we must never do anything to compromise or jeopardize the national interest or national security; having said that, however, we must be willing to talk with anyone to free innocent American hostages." He added: "Talk does not mean material concessions."

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Roh Expected to Retain Control of Legislature

By Fred Hiatt

Washington Post Service

SEOUL — President Roh Tae Woo appears likely to retain control of the National Assembly in legislative elections Tuesday although his Democratic Justice Party is unlikely to win a majority of the popular vote.

Mr. Roh was elected with a 37 percent plurality in December in the first free contest in South Korea in 16 years. He will be aided once again by a fractured opposition, which is sending four or five candidates against the governing party nominee in many districts.

Despite that, and other advantages of incumbency, governing party officials said they will be pleased to win 40 percent of the popular vote and 55 percent of the 299 seats in the National Assembly.

The election appears to be taking place in an atmosphere of diminished expectations and some frustration, with predictions that voter turnout will fall below the 83 percent level of December.

Although the campaign has generated considerable heat, the optimism of last fall is absent.

"Everyone's promising new, fresh politics, but I don't see that anything special has changed," said Yong Yung Soon, 25, an office worker. "I believe there are many people who now think it will take more time to have a true era of democracy."

While some voters praised Mr. Roh's conciliatory and unassuming style, others said they are disappointed that the upheavals of last year failed to produce greater change, leaving the ruling elite essentially in place.

Student protests forced then-President Chun Doo Hwan to allow a direct election, but the split opposition allowed Mr. Roh, a retired army general and Mr. Chun's chosen successor, to slip in with minority support.

Voters also appear disgruntled with the opposition's continuing inability to present a common front.

At a sparsely attended rally Saturday, Lee Woo Chung, a university professor and longtime dissident, sadly contrasted the subdued crowd to the "excited and passionate" gatherings of the past.

"People are so indifferent because the opposition parties are so divided," she said. Many voters said they doubted that Mr. Roh represented a break with the authoritarian governments of South Korea's past, as he contends.

In particular, recent allegations of corruption among Mr. Chun's family during the past several years, and doubts about Mr. Roh's determination to punish past misdeeds, have shaken the governing party.

Still, even opposition leaders predict that Mr. Roh will win the support he says he needs to enact his program of democratization, economic growth, reconciliation with the Communist world and successful staging of the Olympic Games in September.

He can count on the support of Koreans, especially older voters and farmers, who view his party as a guarantor of stability and steadfast resistance to North Korea. He also has won the affection of some voters with his cheerful mien, a contrast to the dour and sometimes imperious image of his predecessor.

"I saw him answer questions at his news conference yesterday for an hour and a half, and he was smiling the whole time," said Park Kyung Soon, 67.

The party also enjoys an overwhelming financial advantage. And since the central government appoints all local officials, from provincial governors to village headmen, the party can count on the help of powerful local machines.

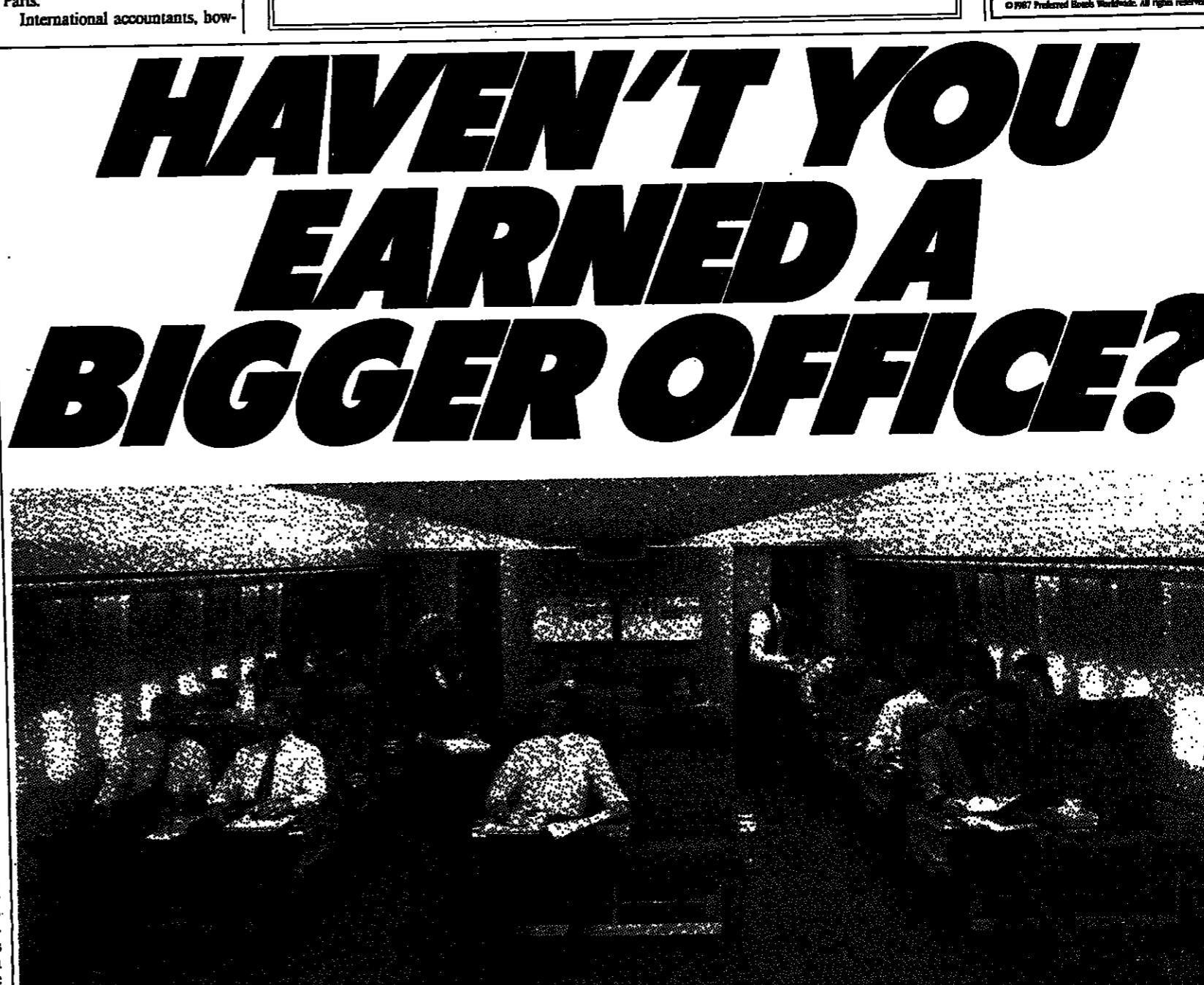
Moreover, the election law, rammed through the National Assembly earlier this year despite opposition objections, favors conservative rural areas and awards "bonus seats" designed to give even a close winner a sizable edge in the legislature.

Part of Berlin Wall Collapses Reuters BERLIN — A section of the Berlin Wall, built in 1961 to prevent East Germans going to the West, collapsed Monday. The police said a 16-meter (53-foot) stretch of factory wall that forms part of the fortification had fallen.

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Advertisement for Sandeman Founders Reserve Port. Includes an image of a man in a top hat and the text: SANDEMAN FOUNDERS RESERVE PORT NO LONGER RESERVED TO THE ENGLISH.



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Vertical text on the left margin: BRIEFS, Israel Talks on... European Fight... Discuss Cambod... diers Die in Amb... Visits Miami for... last on U.S. Subma... WEL UPDATE... lose Iceland's Airp... Planning to Ask... ease Subsidy for

Advertisement for Shangri-La International. Text includes: SHANGRI-LA INTERNATIONAL, IN SINGAPORE WHERE ELSE BUT THE SHANGRI-LA, One of the world's best hotels. Includes a logo of a mountain and a tree.

Advertisement for Imperial Hotel. Text includes: In Tokyo, your preferred choice is the Imperial Hotel, Boasting a glamorous, star-studded 97-year history of extraordinary service...

INTERNATIONAL Herald Tribune

For Safe American Skies

Is flying safe? No doubt about it, the President's Aviation Safety Commission says...

ability is diffuse; thus accidents and delays in the modernization of traffic control...

But not every conclusion is rosy. The report argues that the measures needed to keep the skies safe have exacted a heavy price...

The proposed reorganization leaves loose ends. It is not clear, for example, whether pressure from users would suffice to prevent the agency from "gold-plating" safety systems...

When a Big Bank Fails

Countries as a rule do not let a major bank collapse. The risks to the rest of the economy are too obvious.

placed by the regulators' nominee, Albert V. Casey. Most of its senior management have left. With the stock selling at \$1.25, the shareholders have been all but wiped out.

Other Comment

They Built the Berlin Wall

Is [Mikhail] Gorbachev's appeal to common Europeanness merely a new version of an old idea: the idea that Western Europe can be persuaded to wave American protection...

the general election of May 1987. Their support has since increased. If the voting pattern at the last three by-elections were repeated in a national poll, the Conservative Party could win over 60 of the 176 white seats.

A Political Time Bomb

A political time bomb ticks away as a Senate subcommittee investigating narcotics and terrorism raises unavoidable questions about Reagan administration knowledge of contra drug dealing.

Botha vs. the Extreme Right

President P. W. Botha's reassertion last week of the need for political reforms was a courageous repudiation of those who wish to take South Africa back to the days of Hendrik Verwoerd and the grand apartheid design.

OPINION Israel at 40: Settler Justice Sets the Agenda

By Anthony Lewis

PARIS — Whatever chance there might have been for early negotiations between Israel and its Arab neighbors is now gone. The fragile hopes raised by Secretary of State George Shultz have been destroyed by events of the last three weeks.

bullet came from the gun of a guard who accompanied a group of Israeli hikers; an extremist follower of Rabbi Meir Kahane whom the Israeli army had forbidden to carry a gun.

anger, officials gave the order to blow up 14 houses in Beita — again without a semblance of justice. The deportation orders followed.

America Endorses Israeli Policies It Doesn't Want

By William Pfaff

PARIS — The Palestinian uprising in Israel's occupied territories has provoked a grave and possibly transforming crisis among the Jewish population of that state.

within those borders of "the most basic human rights." Most Americans surely do not endorse the killing of rioters; Mr. Shamir's policy of "might, power and beatings"; the arbitrary destruction of houses and crops as exemplary punishment of whole communities.

for little U.S. government aid underwrites what Israel is doing. Americans therefore bear a responsibility for this policy of territorial annexation and repression — a policy which, opinion polls show, most Americans oppose.



We're turning 40 but I just don't feel like celebrating this year.

Chinese Reformers Have to Do Better

By Geneva Overholser

NEW YORK — Western analysts talk of reform, Soviet and Chinese, in one breath. Not the Chinese. They have been at this reform business for a decade. They see the Russians as upstarts with greater problems and more entrenched habits.

cultural relaxation that glasnost brought to the Soviet Union. There is little in China to compare to Soviet soul-searching over Stalin's excesses, to the thousands of independent groups springing up or to the effort to stir people into activism.

Corruption: Americans Need to Take It Seriously

By William F. Weld

The writer served as U.S. attorney for the district of Massachusetts from 1981 to 1986 and as assistant attorney general in charge of the Justice Department's criminal division from 1986 until his resignation on March 29. This is the first of two articles.

WASHINGTON — When it comes to corruption in public office, the United States has an attitude problem. At best, it is not so much apathy as resignation: "What are you going to do? You can't fight city hall."

harder. From a law enforcement perspective, any public perception that corruption hurts no one makes it much harder to do the job. If witnesses do not see bribery or extortion as serious crimes, they will not want to come forward, will not see the need to testify and will not cooperate in investigations.

100, 75 AND 50 YEARS AGO

1888: Republican Duty

LONDON — The Standard says: "We have little doubt that the manifesto of the Comte de Paris will fall flat on the ears of the French people."

1938: Anglo-Irish Pact

LONDON — Surrender of British naval bases in Eire is provided for in a treaty of peace and friendship signed in Downing Street [on April 25] by representatives of Eire and of the United Kingdom of Great Britain and Northern Ireland.

1913: America's Cup

NEW YORK — Regarding Sir Thomas Lipton's Irish challenge for

Latin Slump Is Bad News All Around

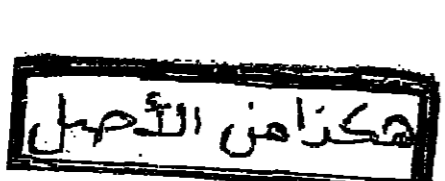
By Gert Rosenthal

SAANTIAGO — Latin America does not often appear on the front pages of the Western press these days. When it does, we can expect to read about turmoil in Central America and Panama, how events in Mexico could affect the United States, the role of some countries in the supply of narcotics, and so on.

Real wages have fallen, in some cases dramatically, while unemployment and underemployment have increased. The urban middle class has been hit particularly hard. Governments are under considerable pressure to redress the situation at a time when financial constraints greatly limit their capacity to act.

The Uruguay round of GATT negotiations offers an opportunity for promoting the region's economic crisis. It is primarily for the 1990s and beyond. It should also be a matter of concern to the international community. Not only are welfare and the consolidation of democratic processes threatened in Latin America, but its continued recession could retard growth of world trade.

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OPINION

What Candidate Will Care for the Kids?

WASHINGTON—The sleeper domestic issue in the 1988 election campaign will be one that hits home hard: child care.

By William Safire

Well over half of U.S. women with preschool or school-age children are at work, and many of the others would work if they could, which means that a wide-ranging approach to child care has become a top national priority.

Even politicians whose main interest is putting welfare mothers to work, writes Li Schorr in "Within Our Reach," a new, must-read book for political activists, "have recognized that they cannot achieve their objectives without vastly expanded and improved arrangements for child care."

Although the federal government has already set a target of \$7 billion a year in aid and tax credits for child care, nobody disputes the growing need for more and better care. The issue is who will provide it and who will get it.

The Democratic answer, as usual, calls for more federal aid. Senator Christopher Dodd's bill calls for \$2.5 billion a year to start, aimed at the poor. The example always cited is Head Start, which was the crown jewel of the War on Poverty. Jesse Jackson has already topped the state in demands for more direct aid, and Michael Dukakis cites press clips about Massachusetts having "the nation's most comprehensive, state-supported day care system."

The Republican must alert to the changing needs of families is Senator Orrin Hatch of Utah, who threatens to give conservatism a heart. His \$375 million bill, decided by Democrats for not sufficiently busting the budget, is geared toward local initiatives and private enterprise, and it would open the system to children of the middle class.

The Hatch alternative also deals with the matter of control. He would put the establishment of standards and licenses with the states—a devolution of power always anathema to the Democrats—and permit churches and religious schools to take an active part in the nation's child-care effort.

Control is important; well-meaning federal bureaucrats are already moving in on higher education and would like to dominate preschool care. Conservatives are not nutty to recall Lenin's boast, "Give us the child for eight years and it will be Bolshevik forever." Washington's control of preschool and after-school care might not produce little Gorbachevs, but it would not produce the diversity and individuality that are a democracy's greatest resource.

Other conservatives, however, are much too hung up on the notion that they might appear to be discouraging mothers

from staying home and taking care of their own kids. All right, give everybody a new-baby tax credit and reassure non-working mothers that parental care is the best child care; but let us not deny that the great majority of working parents need help with child care now.

Liberals are mistaken to derogue widely aimed aid as "baby sitters for yuppies"; the mother who is a steelworker is no yuppie. By addressing the concerns of the two-worker family at the start, it is possible to avoid segregating a new generation of the underclass.

Where is the Reagan administration on this? Late William Bennett, the ordinarily gutsy secretary of education (and a possible vice president in a Bush administration), has shown a cautious interest in current congressional proposals but wants federal aid only for the poor.

The member of the cabinet who has stepped into the vacuum is the new secretary of labor, Ann McLaughlin. She quickly assembled a data base, correctly characterized the coming battle

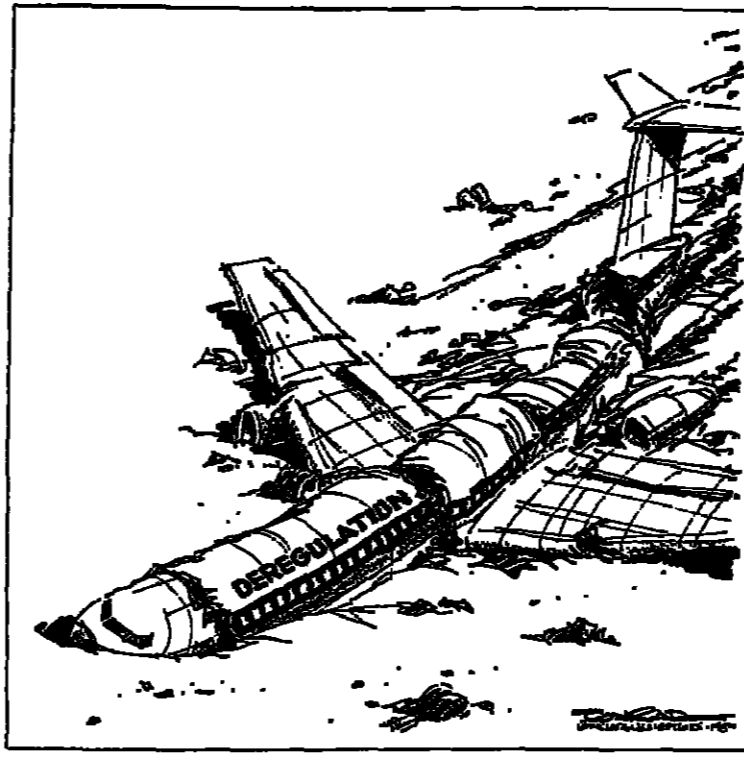
as "a work-force issue" (not a welfare issue), and steered the internal policy dispute into the economic council of Treasury Secretary James Baker.

The energized Department of Labor is now working overtime on a plan drawing upon, but not limited to, the Hatch approach. Ideas range from child-care vouchers to liability insurance guarantees; to a care-givers' corps; to incentives for companies and unions to develop more child care at the work site.

Worker-parents can be more productive workers and better parents when companies provide on-site day care. (Call it "child care," though; days don't need care.) That is where the big boom in new facilities could begin right away, with local initiation and control, class-blind and race-blind. Scores of companies have already taken the lead; if the Republicans cannot encourage this job reward to become part of the corporate culture, who can?

Come to think of it, Vice President George Bush is a member of the Reagan team. Where is he in this internal administration struggle?

The New York Times.



Do the Poor Guys a Favor: Don't Glamorize Drinking

By Steve Allen

LOS ANGELES—I have never encountered a woman writer who devoted more than a few sentences to expressing respect and admiration for the amount of alcohol a man could consume without making a fool of himself. But men who write, whether they themselves drink or not, seem to be impressed by an excess that in reality clearly has the most tragic effects.

The habitual use of liquor is annually responsible for suffering many times greater than that occasioned by AIDS. Thousands of innocents are killed yearly in accidents caused by driving while

I hear how much alcohol Jackie Gleason, Errol Flynn or some other semi-addicted individual could ingest without falling asleep or throwing up. I loved Jackie's comedy but I wish he had not drunk nearly so much. He would probably still be amusing us today if he had not spent so much time as a barfly.

As for Errol Flynn, there was an impressive, handsome and intelligent gentleman—I twice had the pleasure of booking him as a guest on my television comedy program late in his life, and now that he is gone I can comment for the public record on what a pathetic spectacle he presented at the time.

MEANWHILE

drunk. Countless crimes are committed, barroom brawls and sexual offenses, not to mention the gradual destruction of living tissue that at any given moment is sending millions to their deaths.

Why, in the light of this unremitting wave of destruction and foolishness, anyone should express any emotion but sympathy for an alcoholic friend has, since childhood, been something that I could not understand.

There is nothing of the holier-than-thou in this judgment. My mother was a partial alcoholic, as were some of her brothers and sisters. Although alcohol was not the only cause of the destruction of the fabric of my mother's family, the Doubtless, it was high on the list of contributing factors.

When I was young, I used to take an occasional drink, and I have, in rare instances, become as intoxicated as anybody else in my social circle. In every instance, I behaved like a boob and later wished I had not done so. Again, I am no saint and have no wish to legislate others' morality. If people wish to drink themselves into a continuing series of bouts of asininity, not to mention eventually the grave, that is their problem, and there are wonderful organizations, such as Alcoholics Anonymous, that stand at the ready to help them.

My argument, then, is not a matter of looking down on the unfortunate drinkers of the world—they have my sympathy. What I object to is the romanticizing, the mindless glamorizing, the endless stories as to who can "carry his liquor." The answer to that one, gentlemen, is nobody at all. Just because a man might be able to walk more or less steadily across a room or not slur too many words in a conversation after several drinks is not to argue that alcohol has no negative effect whatever on him.

As an authority on comedy I am aware that one of the easiest ways in the world to make people laugh is either to pretend to be drunk or to tell stories involving the exaggeration of someone's state of intoxication. This is dependably amusing because, as I have mentioned in other contexts, comedy is about tragedy. I am never favorably impressed when

Some of this reality has been revealed, in a comic way, in the film "My Favorite Year," based partly on Flynn's adventures on the Sid Caesar show, and on mine, one year when he went to New York to earn a little quick television money to help with his financial problems—problems partly caused by his long history of irresponsible drinking.

A drunken driver once almost killed my wife, our 8-year-old son, Bill, and myself by careening wildly onto the busy California coast highway directly into heavy traffic coming from right and left. Bill and I were on my motorcycle driving behind Jayne in her station wagon, from Santa Barbara to Los Angeles, when I suddenly saw a car lurch forward, cutting across traffic.

Jayne, thank God, slammed on the brakes and swerved. As soon as I saw the smoke from her braking maneuver, I pulled my motorcycle off the road, came to a quick stop, told Bill to remain where he was and ran forward at top speed to apprehend the driver, who had, in the instant, been hit by a Volkswagen driven by an unfortunate young woman who was badly battered in the crash.

As I raced up to his car and pulled his door open, demanding to know what the hell he thought he was doing, he looked up in bleary-eyed panic, stepped on the gas again, and this time hit another car. I later learned that the man was not prosecuted for the peculiar reason that he was an off-duty police officer.

Again, my sympathies to the poor alcoholic and what must be the long-suffering members of his family. But such brain-numbed drunks kill thousands every year, and injure a far greater number, sometimes ruining them for life. So it is not all that amusing or macho, gentlemen, to be told how much old Bill Holden or Humphrey Bogart could put away.

Far too many actors have had their lives and careers partially or totally ruined by heavy drinking. John Barrymore was touched by the muses—what a fascinating gentleman on stage and screen—but alcohol turned him into a pathetic, old, sick bumbler.

The comedian Steve Allen contributed this comment to the Los Angeles Times.

LETTERS TO THE EDITOR

Anti-Hijack Suggestions: Pilots' List and Cost Liability

After this latest hijacking, I have a small plea: Would pilots please publish a regular list of airports and airlines that have low security standards? The flying public could use the only power it has left: the economic pressure of not using suspect airports or carriers. I, for one, would like to see my family this summer.

PETER QUAYLE, Grenoble, France.

If countries at whose airports hijackers board planes were to be financially liable for all costs arising from the event, per-

haps they would accede to standard, internationally approved security checks on all persons boarding all aircraft.

JON DONALD, Geneva.

Congratulations to the government of Kuwait for its courage and patience. The only way to deal with terrorists is not to give in to their demands, as Kuwait has shown the world.

PETER ADAMS, Paris.

An EC Role in Ulster

The European Community could play a significant role in Northern Ireland. I would support the creation of a special European Protectorate State there. This would have a peacekeeping force representing the EC as a whole, thus allowing the British army to withdraw. The objective would ultimately be the forming of an integrated police force drawn from both Northern Irish communities in an attempt to halt the violence.

A package of economic and social measures could be developed for the region by EC institutions, depending for its economic success on continued financial support from Britain and perhaps also from the United States, if it could be prevailed upon to help. I would suggest that these measures be implemented over a trial period of 15 years.

This proposal is somewhat radical, but it should be remembered that no previous political measure has been successful in reducing violence and achieving stability in Northern Ireland. The

EC Commission, the Council of Ministers and the European Parliament are constantly involved in solutions to political problems around the world. Surely their competence and credibility would be enhanced by a successful solution to a serious internal crisis.

T. J. MAHER, Member of the European Parliament from Ireland, Strasbourg, France.

Money Won't Be Enough

Syed Hussein Alatas's prescription for stopping venality in Southeast Asia—higher salaries for civil servants and administrators—makes one wonder what country he has in mind ("For a Campaign to Combat Venality in Southeast Asia," March 30). Surely not Singapore, which he holds up as an example. In the last 10 years that tiny country has witnessed for starters, the suicide of a housing board member upon allegations of receiving bribes; the flight from justice of a leading shareholder of one of

White News, Black News

Tucked away at the bottom of Page 5 in your April 1 edition was a small report stating that South Africa had sentenced to death two white police officers for murdering two nonwhite drug dealers.

Had it been the reverse case, the news would have hit the front page, with Amnesty International up in arms and heads of states pleading for clemency. Are we using two yardsticks?

JACQUES A. BOUMA, Villars-sur-Glâne, Switzerland.

In Defense of the Pope

Never did I think I would write you in defense of the pope, but the combined attacks on his encyclical by your assembled right-wingers (William Safire on Feb. 23, A. M. Rosenthal and William F. Buckley Jr. on March 16) are too much. Has Mr. Rosenthal forgotten that "freedom denied, police rule imposed, whole nations imprisoned" applies to many Western nations also? South Africa and Chile are prime examples. Greece, Spain, Portugal and Turkey were dictatorships until recently. In Poland, the killing of an opposition priest caused a national and international outrage. In Latin America such killings are of frequent occurrence.

Does Mr. Safire really believe that we live in a world based on "John Locke's idea of property as the product of labor"? Is he really suggesting that Westerners work so much harder than people

Boycotts Don't Work

Regarding "To Japan, South Africa Is Just a Market" (Opinion, April 7): Why should Japan be coerced into following America's wrongheaded policy of sanctions against South Africa? Anyone can see that the sanctions are hurting the very people they are supposed to be helping.

All the so-called front-line states are trading vigorously with South Africa while calling on the rest of the world to cease trading. After years of sanctions, Fidel Castro of Cuba is still around. It should be obvious that boycotts do not work.

BOB O'CONNOR, Frankfurt.

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U.S. High Court Will Reconsider Civil Rights Ruling

The Associated Press
WASHINGTON — The Supreme Court said Monday that it would consider overturning a key civil rights precedent that allows people to sue private citizens for racial discrimination.

Four dissenting justices accused the majority of undermining the trust minority groups have in the court.

In an extraordinary move, the court said it would use a North Carolina case involving charges of on-the-job racial harassment to consider throwing out a 12-year-old decision.

In a strongly worded dissent, Justice John Paul Stevens said minority groups might feel betrayed by the court's order calling for re-examination of the 1976 case.

"In addition to the impact of today's decision on the faith of victims of racial discrimination in the stable construction of the civil rights laws, the order must also have a detrimental and enduring impact on the public's perception of the court as an impartial adjudicator," Justice Stevens said.

He also accused the five justices in the majority of indulging in unjust activism by agreeing to review an issue that was not raised by either side in the North Carolina case.

"If the court decides to cast itself adrift from the constraints imposed by the adversary process and to fashion its own agenda — and for the future of this court as an institution — will be even more serious than any temporary encouragement of previously rejected forms of racial discrimination," Justice Stevens continued.

"The court has inflicted a serious — and unjust — wound upon itself today," he said.

He was joined by Justices William J. Brennan, Harry A. Blackmun and Thurgood Marshall.

The majority said the dissenters were making it sound like the court was overturning the 1976 decision.

"We have of course done no such thing," the majority said. "It is surely no affront to settled jurisprudence to request argument on whether a particular precedent should be modified or overruled."

The court took the unusual step of calling for re-argument of the racial harassment case in a three-page, unsigned order.

The case, argued on Feb. 29, now will be held over until the court's 1988-89 term, beginning in October.

Voting to re-hear the case and expand its scope were Chief Justice William H. Rehnquist and Justices Byron R. White, Sandra Day O'Connor, Antonin Scalia and Anthony M. Kennedy.

The case stems from an appeal by Brenda Patterson, a black woman, who wants to use a post-Civil War law to force her employer, McClean Credit Union, to pay actual and punitive damages for alleged harassment.

The court said it would use the case to reconsider a 1976 ruling, called *Rumson vs. McCary*, that said racially segregated private schools that refuse to admit black students violate the Civil Rights Act of 1866. The law was enacted in the aftermath of the Civil War to ensure that recently freed slaves would enjoy all the rights of citizenship.

The 1976 ruling has given civil rights groups an important legal weapon to fight discrimination by allowing the law to be used as a basis for suits against private individuals.

FUROR: Japan Aide's Comments

(Continued from Page 1)

the "lingering adherence" to "militaristic fantasy in the minds of not a few Japanese leaders."

The Japanese military occupied large parts of China and all of the Korean Peninsula in the years leading up to and during World War II, brutally suppressing opponents of its colonial rule and ultimately leaving a legacy of suspicion and hostility toward Japan in both countries.

Japanese officials said Sunday that Mr. Okuno's comments did not represent official government thinking and expressed concern that the issue could cloud Mr. Takeshita's approaching trip to China, which is planned for August, as well as a trip this weekend by Foreign Minister Sosuke Uno.

Mr. Okuno said Monday that he did not intend to offend anyone with his remarks nor did he mean to say that Japan had not been an aggressor during the war. But he thought it wrong that after the war "only Japan was branded as an aggressor."

During the war Yasukuni was, in effect, the official shrine of Japan's military and thus of its imperial aspirations. Visits to it by government officials are resented in Asian countries that were World War II victims of the Japanese. Yasukuni

lost its official government support by order of the U.S. occupation authorities after the war.

Former Prime Minister Yasuhiro Nakasone set off anti-Japanese riots in China and caused a storm of protest elsewhere in 1985 when he visited Yasukuni in his official role as prime minister. After that, Mr. Nakasone did not visit the shrine in any official capacity for the rest of his tenure as prime minister.

In September 1986, Mr. Nakasone dismissed his education minister for saying that Japan's annexation of the Korean Peninsula was the result of bilateral agreements rather than an invasion. The minister, Masayuki Fujio, earlier had criticized countries that had accused Tokyo of issuing history books that watered down the history of imperial Japan.

Mr. Okuno was 32 years old when the war ended and at one point during the war was director of a prefecture for Japan's notorious wartime security police.

A member of the governing Liberal Democratic Party, Mr. Okuno was elected to the Diet, the Japanese parliament, for the first time in 1963. He has served in past cabinets as minister of justice and of education and was chosen by Mr. Takeshita in November to serve as head of the National Land Agency.

AFGHAN: Pullback Is Declared

(Continued from Page 1)

General Najib did not mention these conditions Monday.

In his speech Monday, the general told party officials, army officers and newly elected national assembly delegates that "the significant event of the year" was the planned withdrawal of the approximately 115,000 Soviet troops stationed in Afghanistan.

He said the Soviet Union had done a lot to create "a contemporary Afghan army" and to establish a "balance of forces" with those of the resistance. But he said it was necessary to strengthen the army to compensate for the Soviet pullout and prevent the balance of forces from changing in favor of the resistance.

One of the biggest questions Western analysts and Soviet officials in Afghanistan are asking is how well the 40,000-man Afghan Army will perform without Soviet forces to back it up.

General Najib also presented results of recent elections for the national assembly. He said 1.5 million Afghans had turned out for the elections, hailing this as an unprecedented show of support for his government. The population of the country is about 14 million.

to lead shortly to the siege of Asadabad.

Maruf, the Western sources said, had been evacuated a week to 10 days ago. It is located about 40 kilometers (25 miles) from the border. But the sources said they did not know exactly when the army had left Darwa Zigay, which is closer to the border.

In a speech on April 16, after the signing of the Geneva accords that provide for the Soviet withdrawal, General Najib outlined his offer of a troop pullback along the border with Pakistan.

He said he wanted to reassure refugees who found the presence of the army "a cause of anxiety" and who believed resistance propaganda that the armed forces would "destroy their traditions."

At the time, however, General Najib linked the offer to an agreement by the returnees not to allow armed rebel groups to enter the areas to which they were returning. He also said they should set up "anti-peace groups" and said the government would help them do so.

Power Cut By Panama To Homes of U.S. Aides

By Don Podesta
Washington Post Service
PANAMA CITY — Panama's electric company has begun cutting off power to apartments of U.S. Embassy officials and some U.S. government offices for failure to pay their bills under a Reagan administration order to withhold such payments, according to an embassy spokesman.

The ambassador's residence and the chancery still had power as of Sunday afternoon, the embassy public affairs officer, Terry Kneebone, said.

He expressed surprise that the power cuts, which had been expected in light of the U.S. refusal to pay, had begun with individual offices and apartments.

"I figured they'd cut off the chancery and the ambassador's residence first," Mr. Kneebone said. "Hit 'em where it hurts."

About 45 apartments lost power, affecting about 110 people, Mr. Kneebone said. Most of the offices that were cut off are in a building behind the chancery and are used for general services and administrative work.

Under the International Emergency Economic Powers Act, invoked by President Ronald Reagan on April 8, U.S. citizens and companies are forbidden to pay the Panamanian government fees or taxes. The act was invoked as part of U.S. efforts to overthrow Panama's military ruler, General Manuel Antonio Noriega.

A U.S. official said in Washington last week that many requests for exemptions from the act had been received from the more than 45,000 U.S. citizens and companies in Panama and that they would be considered.

If power is cut off at the chancery, where embassy business is conducted, or at the residence of Ambassador Arthur H. Davis, auxiliary generators will have to be used. These generators cannot supply all the power needs of the chancery and residence, which means that air conditioning and work done by computers are likely to be curtailed.

Embassy officials could not say how much in arrears the individuals, or the embassy itself, are to Panama's Institute of Hydraulic Resources and Electrification.

Normal procedure, however, is for customers to receive a delinquency notice after one month and for power to be cut off the next month if the bill is not paid.

New Ministers Named

The Panamanian ministers of foreign affairs and finance were among seven ministers dismissed in a cabinet reshuffle designed to aid the government in its struggle against U.S.-backed economic sanctions, Reuters reported from Panama City.

Acting President Manuel Solis Palma announced the changes at a news conference Sunday night, saying the new cabinet would fight the "economic aggression" against Panama.

"After 60 days at the head of the cabinet, we have restructured the cabinet to meet new realities that confront us because of the economic aggression we are suffering," Mr. Solis said.

Mr. Solis was named acting president after the former president, Eric Arturo Delvalle, was overthrown by the military-dominated legislature in February, hours after trying to fire General Noriega.

In the cabinet reshuffle, seven of the country's 12 ministers were dismissed. The ministries affected were those of Foreign Affairs, Finance, Education, Housing, Labor, Agriculture and Public Works.

Ricardo Vazquez Morales, the former finance minister, was succeeded by Gustavo González, and Jorge Eduardo Ritter, a former Panamanian delegate to the United Nations, was named as the new foreign minister, succeeding Jorge Abadía Arias.

Laotians Will Select District Representatives

Reston
BANGKOK — Laotians will vote for district representatives on June 23 in the first national elections since the Communist government was set up 13 years ago, state radio said.

Elections of a national assembly and provincial and town councils will be held later, but no date was given. One Laotian exile in Thailand said the elections were a step toward "democratization" by the Communist Party, which is attempting Soviet-style reform.

Le Pen's Widespread Strongholds

By Barry James
International Herald Tribune
PARIS — The National Front candidate, Jean-Marie Le Pen, won 14.4 percent of the vote across the country in the first round of the French presidential election, but scored sharply higher in three areas — the Mediterranean coast, the industrial suburbs north of Paris and the Rhine frontier area with West Germany.

In France's second city, Marseille, the extreme-right leader beat President François Mitterrand into second place.

Mr. Le Pen ran neck-and-neck with Mr. Mitterrand in the Bouches-du-Rhône, Var and Alpes-Maritimes districts flanking the Mediterranean coast and containing a high proportion of immigrants and unemployment.

In Marseille, where one inhabitant in every four is an immigrant, Mr. Le Pen polled 28.3 percent of the vote compared with 26.9 for Mr. Mitterrand and only 14.7 percent for Prime Minister Jacques Chirac, who placed second nationwide. In two districts of Marseille, the National Front polled more than half the vote. The Communist party, which came first in Marseille in the last presidential election in 1981, lost more than half its share of the vote.

Mr. Le Pen also came first in Nice, Toulon, Antibes and several smaller towns in the region,

where the moderate right and the Communists lost heavily.

He came second in Cannes, behind Mr. Chirac, and second to Mr. Mitterrand in Aix-en-Provence, Nîmes, Avignon and Perpignan, near the frontier with Spain. Mr. Le Pen ran second to Mr. Mitterrand in Saint-Etienne in central France, but ran fourth in nearby Lyon, the third-largest city.

Mr. Le Pen won more than 20 percent of the vote in Alsace, where he came second to Mr. Mitterrand in the largest towns, Strasbourg and Mulhouse.

A combination of circumstances appears to have been responsible for the extreme right's strong showing, including Mr. Pen's appeal to conservative family values, the disarray among the more moderate right and the third-placed Raymond Barre's poor showing in opinion polls.

In the Paris region, Mr. Le Pen's fortunes advanced sharply in the industrialized suburbs to the north of the capital, where large numbers of immigrants have moved in among the largely blue-collar population and unemployment is high. Taking over the spot that used to be occupied by the Communists, the National Front won 19.8 percent of the vote in the region of Seine-Saint-Denis.

With 33 percent of the vote, Mr. Le Pen easily came first in his hometown of La Trinité-sur-Mer in Brittany.

FRANCE: Le Pen's Vote Shatters Unity of the Right

(Continued from Page 1)

the president who revived the almost dormant immigration issue this month by expressing his view that foreign workers should be allowed to vote in municipal elections.

"It's a dangerous game," said Mr. Rémond of the president's apparent attempt to inflate the strength of the National Front to divide the traditional right. "And it is not a responsible game."

The approach of municipal elections in March 1989 gives Mr. Le Pen an ideal opportunity to try to consolidate his populist coalition at the grass-roots level, forcing the traditional right into uncomfortable local alliances.

Mr. Le Pen's constituency is a jumbled one that includes blue-collar workers, small shopkeepers, the unemployed, some professional

Mitterrand Asks Null Vote

people and, since the vote Sunday, a growing number of farmers who see their existence menaced by the European Community's cutbacks in agricultural subsidies.

While France has always had a party of the disgruntled — a role once fulfilled by the Communists — Mr. Le Pen has added the explosive ingredient of suggesting that the nation's problems would all be solved if Arab and other Third World immigrants were expelled.

Emmanuel Todd, a political scientist, observed that immigrants were only a symptom of a much deeper malaise of Frenchmen who had been "left on the side of the road of progress."

"Immigrants of North African origin are in the same situation of scapegoats as the Jews in Hitler's Germany, who were not very numerous," said Mr. Todd, noting that the National Front had also done well in zones where immigration was thin.

Mitterrand Asks Null Vote

Mr. Mitterrand called Monday for the first round of voting in the French presidential election in New Caledonia to be declared null, Reuters reported from Paris.

His campaign headquarters said he had taken the step because some polling stations in the South Pacific territory, shaken by separatist violence, were unable to open Sunday, when the voting took place.

In New Caledonia, meanwhile, Melanesian rebels and French gendarmes battled at a barracks Monday, killing a Melanesian woman. She was caught in the cross fire of a battle between the rebels and the gendarmes. She was the first civilian to be killed in a wave of election-related violence.

ALLIES: Europeans Believing U.S. May Cut Forces

(Continued from Page 1)

sure succeeded each year in defeating the Mansfield amendment.

"That can't happen in the next administration," Mr. McCusker said. Because of the U.S. budget deficit alone, the new president "is going to have to address the issue seriously," he said.

At the same time, as NATO begins the process of adjusting to negotiated reductions in nuclear weapons and increased dependence on more expensive conventional defense, he said, "any debate about strategy will become a debate about burden-sharing."

The stakes in such a debate are high with an increasing number of U.S. analysts believing that significant cuts in the more than 300,000 U.S. troops in Europe are the logical response to unequal spending and to a diminished risk of conflict with the Soviet Union on the European central front.

These analysts contend that, as a superpower, the United States must devote ever more military resources to the fight against terrorism and to conflicts beyond Europe, such as in the Gulf. If the Europeans believe that troop levels in Europe must be maintained, they should supply the troops themselves, the analysts say.

That argument is universally opposed by the allies, as it was during the time of the Mansfield amendment, as a dangerous form of decoupling that will change the security equation in Europe and put the West at a disadvantage just when serious bargaining with the Soviets over conventional force reductions seems ready to begin.

Some European officials warn darkly that a U.S. pullback could drive them into the arms of the adversary. "I am certain that the more you reduce the U.S. presence in Europe," said the Belgian defense minister, François-Xavier de Donnea, "the more Europe will be forced to look for compromises with the Soviet Union, and not necessarily those that are in the interests of U.S. security."

Such talk angers Representative Patricia Schroeder, Democrat of Colorado, who presides over the Armed Services Committee.

The panel has major disagreements with the allies about "what strategies are appropriate, what our collective interests are and how great the Soviet threat is," Mrs. Schroeder wrote in a recent column in *The New York Times*.

"The voters are beginning to figure things out," Mrs. Schroeder wrote. "We are subsidizing the security of our major trading part-

China Refuses Embargo

neries while they are cleaning up in international markets. Our allies are not likely to spend more as long as Uncle Sam is willing to do it for them."

For their part, the Europeans are angered at the implication that the United States is doing them a favor by helping to defend Europe. It is in America's interest, they contend, to draw its defensive border on the eastern side of West Germany, "instead of at Chesapeake Bay," Mr. McCusker said.

NATO has no standard measurement for assessing either the size of its defense burden or the relative share that each member should be carrying. Depending on how statistics are juggled, the United States is doing more than twice as much, about the same or somewhat less than its European allies.

According to NATO figures, the United States last year spent 6.5 percent of its gross domestic product on defense. Among NATO's larger European members, the next highest was Britain, at 4.8 percent. Down in the spending basement were Denmark and Canada, with 2 percent, and Luxembourg, with 1.2 percent.

Mrs. Schroeder points out that despite NATO agreements since 1978 that each member would increase defense spending by 3 percent annually, inflation-adjusted, or real, U.S. spending rose an average 5.7 percent a year from 1978 to 1985, while average allied spending has never met the target.

But the Europeans contend that those figures are misleading because they support the "free-ride" case by including the big, unilateral U.S. buildup under President Ronald Reagan but ignore the substantial post-Vietnam decline in U.S. defense spending in the 1970s, when European expenditure was steady.

The 3 percent target, they recall, was originally decided not as a means of prodding the Europeans but to pressure a U.S. increase.

Such allied governments as Britain that consistently have met high targets and have urged their fellow Europeans to do more, resent the free-riding charge.

"In fact, we have a good story to tell," Sir Geoffrey Howe, the British foreign secretary, said last month. "European defense budgets grew by 30 percent in real terms between 1970 and 1985, more than twice as fast as the United States."

A British Defense Ministry official noted that "in terms of combat-ready troops in Europe, the Europeans provide 90 percent of the manpower, 85 percent of the tanks, 95 percent of the artillery."

U.S. Hints at Return To Limited Rules of Engagement in Gulf

The Associated Press
WASHINGTON — President Ronald Reagan's spokesman suggested Monday that the administration wants to return U.S. forces in the Gulf to the limited rules of engagement that existed before the fighting last week with Iran.

Those rules provide for measured responses to the laying of mines or other Iranian provocations.

While emphasizing that no decisions have been made on how U.S. naval power will be used following the April 18 exchanges with Iran, the spokesman, Martin Fitzwater, said: "Everybody acknowledges that we need to move back to some more limited set of rules."

Mr. Fitzwater's statement buttressed remarks by Secretary of State George P. Shultz made in Brussels, where U.S. officials were consulting with American allies in the North Atlantic Treaty Organization.

"We will not get tied up in any serious shooting war with the Iranians," Mr. Shultz said in a television interview. He said what rules should govern U.S. military activities in the Gulf remained unresolved, saying "that's the kind of decision that the president makes."

The tone of the comments by Mr. Fitzwater and Mr. Shultz, offered with assessments provided.

Late last week, other officials speaking on condition they not be named, had said the administration had decided to expand its policy to allow U.S. warships to aid neutral merchant ships under attack.

But those officials ruled out a broad-based escort for non-U.S. flagged vessels in the Gulf.

The talk of a change in policy resulted from the mining of a U.S. frigate and extensive fighting between Iranian and U.S. forces in the fighting, the Iranians lost three of their best warships.

State Department officials say China has told the United States it will not endorse an international arms embargo against Iran after the clashes last week between U.S. and Iranian naval forces in the Gulf. The *New York Times* reported from Washington.

Arms Pact by Summit Is Unlikely, Shultz Says

By Don Oberdorfer
Washington Post Service
BRUSSELS — Secretary of State George P. Shultz said Monday that it would be "extremely difficult" to negotiate a landmark U.S.-Soviet strategic nuclear arms treaty by the time of the Moscow summit meeting, which begins May 29. But he said both sides were prepared to continue the negotiations into the final months of the Reagan administration.

Mr. Shultz said the administration felt capable of dealing with the contentious issues in its last months because all presidential candidates of both parties agreed with "the basic tenets" of negotiated cuts of up to 50 percent in strategic nuclear arms.

He spoke at a news conference in Brussels in connection with a meeting of North Atlantic Treaty Organization foreign ministers. Mr. Shultz was briefing the officials about his two days of talks in Moscow with the Soviet leader, Mikhail S. Gorbachev, and Foreign Minister Eduard A. Shevardnadze.

Both Washington and Moscow are "very interested" in continuing to work on a strategic arms treaty without respect to deadlines, Mr. Shultz said.

Mr. Shultz will meet again with Mr. Shevardnadze May 11-12 in Geneva in an attempt to move the arms negotiations forward and

make final preparations for the summit meeting.

Based on his Moscow conversations, Mr. Shultz expressed optimism that East-West negotiations to reduce land armies and other conventional forces in Europe would begin soon in a new, more promising forum.

"I think it will happen. It's just a question of when," he said.

Mr. Shultz met briefly on Monday with the Danish foreign minister, Uffe Ellemann-Jensen, and Denmark's new nuclear ship policy, which threatens to pose a serious problem for NATO.

The Danish legislature, led by the opposition Social Democrats, voted April 14 to tighten Denmark's currently ineffective ban on port calls by nuclear-armed warships. The conservative Danish government opposed the policy change but was powerless to veto it. New elections, largely turning on this issue, are scheduled for May 10.

The Reagan administration has warned Denmark that implementation of a policy endangering port calls by U.S. warships would have "extremely serious consequences" for U.S.-Danish military cooperation.

In a similar case several years ago, the United States broke off all military cooperation with New Zealand rather than accept a ban on port calls by nuclear-armed warships.

GOLD: Brazilian Jungle Glitters

(Continued from Page 1)

the appearance of a mobile market, with loads of putting bags of rice and beans into tiny planes while a group of gold diggers waited for a ride. The day before, a control post operator said, there were "187 take-offs and landings — worthy of the great capitals."

Flights were going out to jungle camps, places not yet mapped and bearing names like Planet, Wild Turkey, Shootout. Passengers had no need to register. This is a world that uses nicknames only, no questions asked.

"To Alto Alegre?" a traveler with two heavy gold chains asked a pilot known as Spirit. In gold dust, came the reply, that would be 33 grams (about an ounce).

Bush pilots like Spirit, who fly people and goods, are an indispensable part of the modern gold rush. Often owners of their airplanes, they ride their craft like cowboys, wheeling them up and down bumpy strips. But near Itaituba, another major gold-digging area, two planes crashed recently, killing seven people. "In the jungle, you can find an airstrip by looking for wrecks," Spirit said.

The harsh life at the remote jungle camps seems an antithesis of what gold can buy. The center of the camp is usually the bar-brothel.

In the heat of the day, crews work from rafts to pump gravel from the riverbed. Others blast the earth in the diggings with high-pressure water hoses. At makeshift refineries, gravel and residue pass through portable mills. The mud is then washed and sludged in boxes where the gold is leached out with

mercury. People downstream have suffered mercury poisoning.

Although many prospectors pan and sift on their own, others are contract workers. A young peasant said he earns the equivalent of \$250 per month, about four times the wage he could make on a farm. He also receives a small percentage of the findings. Some of that was displayed in his front teeth, "I hope to get enough to buy land," he said.

Fortunes are usually made by less humble people, men who get control over airstrips or have enough capital to take equipment into the jungle. Yet in this wilderness, rich and poor alike are marked with insect bites and skin afflictions. Many have hepatitis or malaria.

As the gold fever has grown, so have conflicts. Reports of murder in the mining areas are frequent. Men have killed one another over altering of gold scales, claim jumping and division of profits.

"Gold makes trouble, it creates ambition and jealousy," said Adalberto Oliveira, the Alta Floresta police chief. Half a dozen men were visible behind the bars of a communal jail cell. "Now it's the rainy season, so the murder rate is down," he added.

Across the country, there are frequent reports of clashes between the armed guards of mining companies and prospectors, each party accusing the other of invading its claims. The companies as well as the prospectors have invaded Indian lands.

"It's straight out of Brazil's 18th-century history," said Peter Rich, a mining consultant. "It has the same elements: Indians, gold diggers, soldiers and missionaries."

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The World's Rendezvous With Europe

Interview / Jacques Stern, chairman of Bull

Europe Moves to Close Electronics Industry Gap

Jacques Stern, chairman of Groupe Bull, France's largest, state-owned computer company, outlined his views on the information technology industries of Europe, the United States and Japan, and their responses to the establishment of an integrated market by 1992. The interview, which took place in his Paris office, was conducted in French by Axel Krause, corporate editor of the International Herald Tribune. Following are excerpts from the interview:

The gaps in your industry between Europe, the United States and Japan appear to be widening. Can the trend be reversed?

Jacques Stern: It is true that Europe's information technology and systems industry was in a steady period of decline until 1982, and that there still are weaknesses. But there is recovery under way. We believe the

Yes. We believe that we will be among the top seven next year. From an accounting point of view that would involve consolidating the results of both Bull and Honeywell Bull, Inc., (a joint French-U.S.-Japanese company, in which we will have majority control early next year). That would bring our total sales from data processing, based on 1987 results, to more than \$5 billion.

What should Europe's computer and information technology industries be doing right now to expand more rapidly?

There is an absence of coherent, continuing industrial policies that are also European in scope. We also need a policy to continue developing common standards, based on those that are international. For example, we need to pursue a long-term industrial policy, as the United States and Japan have done. But this cannot be accomplished by simply adding up Europe's individual national policies.

Bull may become first EC company to place in top 7

decline is being halted. If we do not react, Europe's trade deficit in electronics will widen to \$35 billion by 1995 from \$13 billion in 1986.

What figures show that the decline is being halted?

In 1981, our industry in Europe controlled only 34 percent of the domestic European market. In 1986, that had moved up to 42 percent. In 1984, the U.S. market represented 50 percent of the world market, Europe 27 percent. Today, the American market has fallen to less than 40 percent of the world total, while Europe has moved up to 33 percent. Clearly, our domestic market is growing. It is on the same level of importance as the American market, and twice as large as the Japanese market.

There is not one Europe company among the world's top seven data processing groups. Will there ever be one?

Where, specifically, can this growth materialize?

In Europe, on average, we have about six white collar workers for every work station, or terminal. In the United States, the average is 3.7 white collar workers. Development of computerized technologies is clearly a major market priority for us.

What do you expect from the European Community's plan for an integrated market in 1992? Will deregulation help your industry?

The answer is yes, and we are encouraged by what Brussels is doing. We should accelerate the deregulation process. Specifically, we are seeking the creation of a European-wide telecommunications network with the same services, tariffs and interfaces in each country. We also need to expand the use of value-added systems in this area, and to integrate them. Disparate regulations

See Interview, page 11

Will Europe fare better in 1992?

Of the world's leading data processing companies in 1986, American and Japanese firms occupy the top 7 positions. DP revenues in billions of U.S. dollars.

| Company | Revenue (Billions of U.S. Dollars) |
|-------------------------------|------------------------------------|
| IBM | \$49.591 |
| Unisys Corp. | \$9.451 |
| Digital Equipment Corp. | \$9.416 |
| Fujitsu Ltd. | \$8.597 |
| NEC Corp. | \$6.526 |
| Hitachi Ltd. | \$4.728 |
| Hewlett-Packard Co. | \$4.5 |
| Siemens AG | \$4.367 |
| NEC Corp. | \$4.377 |
| Ing. C. Olivetti & Co. S.p.A. | \$3.865 |

Source: Golem

Supercomputers / The View from Tokyo

Seeking a Partner to Storm the World Market

Since the Cray 1 supercomputer first appeared on the market in 1976, the demand for faster and more powerful computers in fields such as defense, atomic research, space sciences, meteorology and medicine has snowballed. By 1985, around 300 such supercomputers were in use worldwide.

While they owe much of their power and speed to semiconductor technology, it is their design — or architecture, in computer parlance — that makes them super. Two schools of thought exist regarding the optimum design. One, which can be traced back to the 1970s and a machine called ILLIAC IV, relies on using two

processors in parallel. While this boosts the number cruncher's power it involves extremely complicated programming to subdivide and synthesize a multitude of calculations.

The other school of thought relies on a single, high-speed processor and a technique called pipelining — sophisticated software which feeds the machine with information as fast as it can be processed.

In the 1960s, Japan's Ministry of International Trade and Industry (MITI) promoted technological tie-ups between Japanese companies to develop large-scale general purpose

See Supercomputers, page 11

Information Technology / Maintaining Market Share

Analysts See the '90s As Do-or-Die Decade for EC

The prospect of pan-European standards and corporate alliances has created opposing camps of cynics and cheerleaders when it comes to forecasting the future of information technology (IT). But, both sides agree, the 1990s are sure to be the do-or-die decade for European IT companies.

Some observers even liken the European effort to Custer's last stand. The European share of sales in the world electronics market, which, according to Electronics Industries Association, expanded to \$413 billion last year, has already declined from 25 percent two decades ago to under 20 percent today. Yet Europeans still purchase over 33 percent of the components, data processing equipment, communication hardware and consumer electronics manufactured throughout the world.

markets. Mergers, alliances, buyouts and the resulting industrial restructuring are as important in contemporary Europe as the development of the technology itself.

The financial, industrial and social dilemmas which led to the EC-sponsored across-the-board measures to enhance economic growth and make Europe more competitive are particularly apt for IT. The sector is crucial to Europe's future because it is increasingly responsible for generating employment and growth in virtually every industry.

But will the Europeans take the necessary steps to achieve global competitiveness? Will increased competition — or at least a competitive spirit — thrive in Europe and improve leading technological and commercial force going to develop from the ongoing industrial mutation?

It had better. "If European IT companies do not finally begin to work together to compete with the U.S. and Japan," predicts Mark Stoner, president of Passport Télématique, an international telecommunications consultancy group, "they may never regain a serious share of the global market."

Solutions, however, invariably sound simpler than the economic and industrial realities they represent.

"I am skeptical that major European companies can capitalize on everything that 1992 represents," explained Marcus Bicknell, the British marketing director of Société Européenne des Satellites, which will launch the pan-European ASTRA television broadcast satellite later this year. "There are still too many cultural, language, ethical and political obstacles to European cooperation."

There are ample grounds for such

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There are ample grounds for such

Europe produces 20% of world market, purchases 33%

Not a single European firm is listed among the world's top seven data processing companies, and projections by Electronics International Corp. indicate that Europe's electronics and data processing trade deficit will continue to worsen.

Optimists, on the other hand, contend there is hope on the high-tech horizon. Pan-European corporations like Alcatel and European Silicon Structures should benefit from the economies of scale created by an integrated European market when they compete for international business. An added benefit, for customers, should be lower prices and better service.

The most visible indicator of a new approach is the movement toward research, development, production and commercial partnerships to boost European companies in both the expanded European and global

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See Information Technology, page 14

The International Herald Tribune is honored to welcome these well-renowned companies as sponsors of its 1992 series.

FRANCE TELECOM INTERNATIONAL

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1992 The World's Rendezvous With Europe

Artificial Intelligence / The Next Generation

Will Computers Decide The Industry's Fate?

For all their phenomenal number-crunching power, the first computers were not good decision makers. Too precise, too logical, too linear.

Not so today. Researchers in the field of artificial intelligence (AI) are programming computers to "think" more and more in complex ways and to make ever more "intelligent" decisions.

Europe lags well behind the cutting edge of "fifth generation" AI research in the United States and Japan, but European companies and countries are nonetheless intent on creating practical programs. For example, the race for AI has led to an unusual alliance between Bull, the French computer group, and two of its main European competitors, Great Britain's ICL and West Germany's Siemens.

The three computer companies have collaborated to form an AI research center in Munich. Staffed by 50 employees, 15-20 from each company, the two-year-old center does basic research that is shared equally. Eventually, the companies hope to use the results to develop AI programs for customers.

Christian Cantó, responsible for Bull's AI research, finds a new use for artificial intelligence almost daily: "Today it is exporting. Such programs can help managers be more alert to exporting opportunities and more efficient in selling to foreign countries."

"We are at the dawn of a big change in data processing," said Mr. Cantó. "It's necessary to be well placed."

Indeed, part of the reason the European companies have gotten into AI is to keep from losing longtime customers to American competitors with a head start in the field, notably IBM, Du Pont and Digital Equipment Corp.

These companies have already developed AI programs that allow auto manufacturers to diagnose troublesome engine problems, let credit card companies quickly approve or deny consumer purchases, assist oil companies in determining the best



Researcher and machine speak to each other (above); robot arm sorting through complex parts (inset).

way to pump fields, help airlines juggle gate assignments for planes and aid law enforcement officials in anticipating acts of terrorism.

The Bull-ICL-Siemens project has yet to bring any AI program to the marketplace. However, Mr. Cantó said, once the research consortium develops its AI "shell," it will be simply a matter of pouring in the appropriate facts and rules so that programs can be created for everyday use.

He said, for instance, that bank tellers could have AI programs at their fingertips to make instantaneous decisions for customers at their windows, and building maintenance could be turned over to AI programs that regulate the temperature or shut the windows when it rains.

"We don't want to make sophisticated, complex products," he said. "We want to make products for everybody."

There are a number of other notable AI efforts under way in Europe. Olivetti has developed several "intelligent" systems, a number of them intended to help diagnose electronic problems in its own systems and thereby save a significant portion of its internal operating costs.

In addition, the European Community last year asked six prominent

scientists to produce a program for teaching a computer to "see" and "learn" by recognizing objects and making judgments that can be retained for future reference.

In Great Britain, a new company called Advanced Training Technology Associates is using a combination of government grants and private investments for a £5 million (\$9 million) program aimed at creating AI teaching programs.

The goal is to gather the accumulated knowledge of a field and then let computers teach students or train workers at their own learning pace.

One of the first large-scale commercial uses for AI in Europe has been in reviewing leasing applications for financial institutions. Artificial Intelligence Software, a Milan company, used "rules" provided by an association of Italian banks to develop a computer program that makes quick — 10 to 15 minutes on average — risk assessments on whether certain customers should be granted certain leases.

The Italian banks have been so satisfied that the software company recently created a similar program for Banco Hispano Americano, the Spanish bank with the country's largest leasing services operation.

— Timothy Harper

Automation / Manufacturing Technology

The Integrated European Factory

The German technology ministry is spending 50 million Deutsche marks between 1988 and 1992 to promote factory automation in Germany. "We want to show small- and medium-sized companies how they can use modern technology and we want to familiarize them with CIM," says Hellmuth Bertel, head of the manufacturing and processing technology department at the German technology ministry in Bonn.

Alongside the ESPRIT program, an additional 185 million ECUs are being spent on industrial research and manufacturing technology pilot projects under the EC's BRITE (Basic Research in Industrial Technology for Europe) program.

For the factory of the future will not only be automated, it will be integrated. To do this involves a vast array of equipment, ranging from precision



From customer to company, from drawing board to loading bay.

Heavy funding of CIM research and development

machinery to software, computers and automated handling systems. The purpose of CIM — or computer integrated manufacturing — is to tie them all together, so that electronic information can flow in an unbroken stream from the customer to the company, and from the drawing board to the loading bay.

Computer based equipment is already a way of life for most large companies, but many smaller firms are overwhelmed by the cost involved and uncertain as to how to approach advanced technology.

Experts say that, as yet, only a handful of companies around the world have completely implemented CIM. "I have seen some super modern factories but I know of no place where you can find full-blooded CIM," says Alexander Batschart of the German machine builders association (VDMA) in Frankfurt. Instead the market is expanding for equipment and services that automate parts of factories and warehouses, and transmit information from the shopfloors to other departments of the company with links to production.

Meanwhile, as production systems become more complex and rely more

heavily on computers and sophisticated software, competition from Japan and to a lesser extent from the U.S. grows. "We suffered a Japanese shock a few years ago," says Willy Reihel, who heads the sales department of Burkhardt and Weber GmbH & Co. KG, one of Germany's leading makers of automated special-purpose machines and manufacturing lines. "The Japanese machines were up to 20 percent cheaper than the German ones."

But American manufacturers are still coming to Europe to buy advanced machinery for their factories. Trips across the Atlantic and fairly steep prices are no deterrent, as many highly specialized machines are either not available in the U.S. or cannot match European quality.

But the depreciation of the U.S. dollar — more than 50 percent against the Deutsche mark since 1985 — and Japan's push for a bigger share in the industrial machinery market have made life much tougher for the Europeans.

Companies, governments and the European Community are pumping large amounts of money into research, development and training to keep Europe in the forefront of computer integrated manufacturing.

Siemens, Europe's market leader in automation technology, recently showed how it can be done. The company set out to conquer a larger share of the U.S. market by signing a joint venture deal with Westinghouse

Electric Corp. of the U.S. The biggest of the three joint projects will involve the manufacture, sale and servicing of automation systems in the U.S.

Industry experts are optimistic that European manufacturers will continue to defend their leading position. "The Europeans will continue to play a leading role," says Mr. Bertel from the German technology ministry. And Edmund Doetsch, head of Siemens AG's production automation department, is sure that Germany will continue to lead the way in Europe. "If the Germans don't fall asleep, they can stay a step ahead," he says.

In addition to boosting the research funds of individual companies, BRITE and ESPRIT have also helped launch major pan-European projects. Five leading European computer companies — Groupe Bull of France, the British International Computers Ltd. (ICL), OCE of the Netherlands, Olivetti of Italy, and Germany's Siemens AG — have received some 40 million DM (192.64 million ECU) from the ESPRIT budget since 1986 to develop special software that makes possible the transmission of office documents between computer systems from different manufacturers. European standardization efforts are of particular importance since compatibility of different computer systems often stands in the way of connecting islands of automation into a unified production system.

— Sabine Krueger

Interview / Jacques Stern, chairman of Bull

Europe Moves to Close Gap

Continued from page 1

in each country make it costly to adopt new systems.

In that context, what policies would you recommend to European governments?

Greater tax incentives regarding industry research and development expenditures. Today every country has a different policy. I would hope that there will be a more harmonious approach in the future, favorable to R&D spending and applied to amortization and acquisition of equipment.

Some EC governments, notably Great Britain and West Germany, have expressed reservations about EC programs that emphasize product-oriented research, arguing that this should be undertaken by companies, not the Community. Do you agree?

The original EC program, Esprit I, was revolutionary at the time it was launched. It was based on pre-competitive research, but it was also the reflection of a defensive strategy. We now need to pursue a more commercial-marketing approach in our European research efforts — as MITI does in Japan, and as the U.S. federal government does with regard to civilian electronics in America. It is the direction of the effort that is important.

Is Europe spending enough? Compared to the United States and Japan, the effort appears weak, and it is very weak compared to what Europe spends on space. But what we are spending on the EC programs — the equivalent of \$400 million DM (192.64 billion ECU) annually — is far from negligible.

What is your reaction to allegations that the 1992 integrated market will largely benefit non-EC multinational



Jacques Stern, chairman and CEO of Groupe Bull.

als, placing EC companies such as yours at a disadvantage? What about U.S. subsidiaries operating in Europe?

On that last point, these companies cannot be considered European, because even if they have some production capacity in Europe, their centers of decision are outside Europe. The European market is one of the most open in the world. Governments in Europe have actively sought and attracted foreign investment from the United States and Japan. But we cannot be naive.

What do you mean? We should be open, but on the condition that we obtain reciprocity. Protectionism in Europe represents a serious, ominous threat. But to be naive in such matters is also dangerous, and so we would hope to obtain the same access to markets in the United States and Japan as they obtain in Europe. We need more mature

policies, and every European country should show solidarity with this approach.

Doesn't that imply a common EC political stance on trade issues?

Yes, and we should resist those seeking individual, national advantages in their trade relations. We should be able to negotiate better, speaking with one voice, while Europe reinforces its information technology industry.

Will Europe ever have a significant presence in two key areas — supercomputers and artificial intelligence?

On supercomputers, the question was posed last autumn in Brussels, and it is now up to Europe to decide whether to proceed. Europe can only have a presence in this area if there is a truly European strategy. On artificial intelligence, Europe has made a start. Bull, for example, operates a joint AI research lab in Munich with Siemens and ICL. Some of the work going on there is perhaps ahead of what is going on in the United States and Japan.

Where does Europe lag most? Microprocessors, semiconductors and peripherals. But here again, we need to move swiftly and there are some signs of forward movement. Among these are the new semiconductor technology ventures being led by Philips and Siemens.

What is holding back the use of "smart" banking cards on a Europe-wide basis?

The problem is the users, such as banks, and their willingness or capacity to develop standards and ways of putting the cards into use for consumers. There is no technological barrier to using the same banking card throughout Europe.

Supercomputers / The View from Tokyo

Seeking a Partner to Storm World

Continued from page 1

computers that could rival those of the Americans. Since then, they have not only produced their own computers, but also succeeded in exporting them to the United States.

Following America's lead, some Japanese companies also began to examine the feasibility of producing supercomputers, but decided to base their machines on the use of a single processor. In 1977 the first of these machines, the FACOM 230-75AP, was produced. Since 1980, others have followed from such companies as NEC, Hitachi and Fujitsu. Some of these are now considered to be among the world's fastest.

Interest within the EC, however, is largely confined to the universities. In England, over 240 people attended an international conference on supercomputer technologies at Liverpool University. Among the topics on the agenda were the U.K.'s transputer project and the programming

of parallel processors. European researchers tend to believe that the potential for single-process type technology has been exhausted. In any case, the EC, despite its reputation for producing excellent software, has so far failed to produce a remarkable supercomputer.

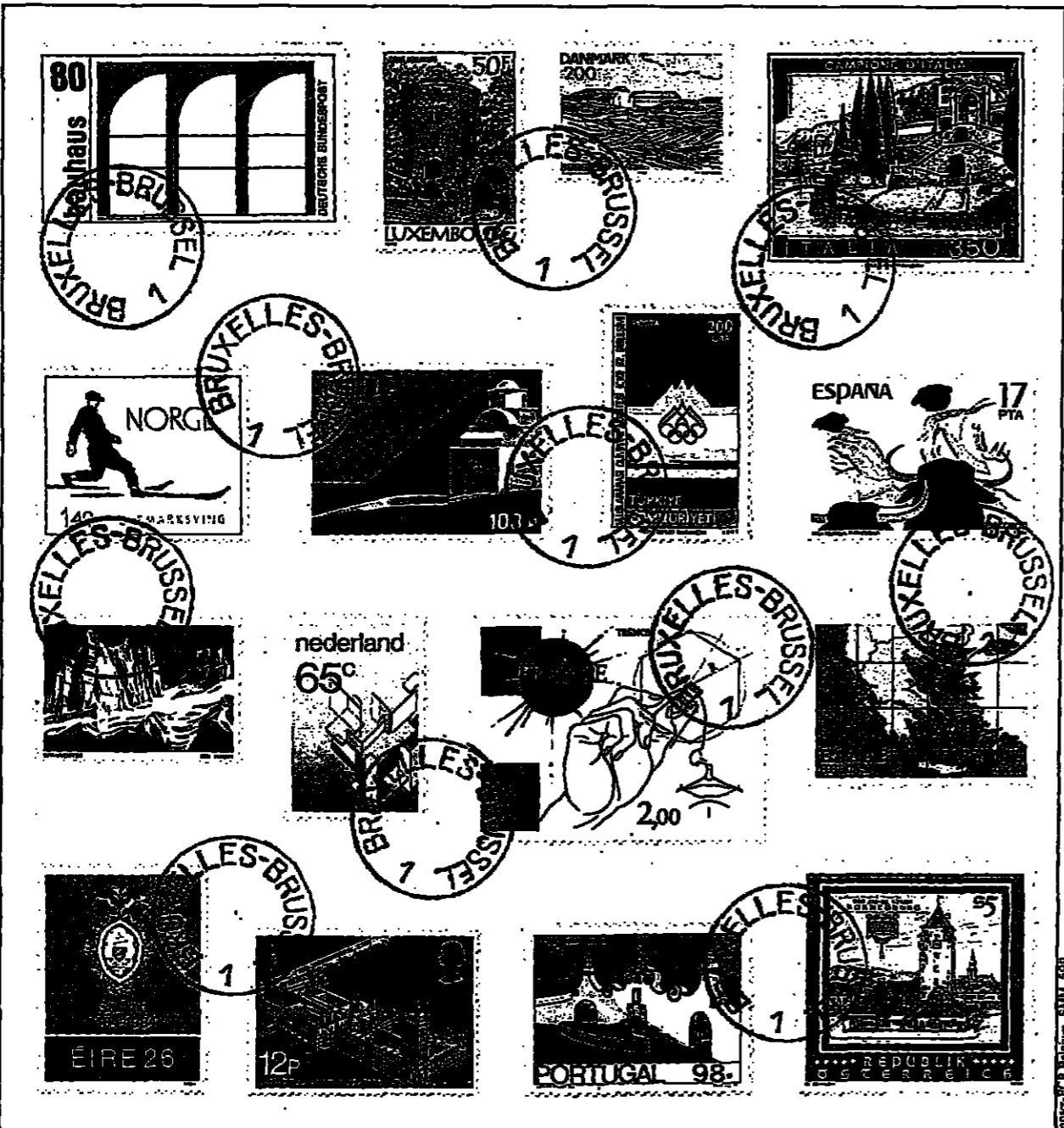
It may be possible to develop supercomputers in EC countries after 1992. But it seems to me that it would be more practical for the EC and Japan to cooperate on developing supercomputers. If EC software were integrated with Japanese hardware, the resulting supercomputers could dominate the world market.

Recently, the computer technology friction between the U.S. and Japan has become worse and it could continue to the point when the U.S. no longer shares any new technical information with Japan. Japanese mainframers should therefore develop their own supercomputer technologies from now on.

of the newest semiconductor chips, Japanese mainframers are the best in the world. The weak point of Japanese supercomputers is their lack of software power. In the U.S., supercomputer users have developed various compilers and application software. In Japan, only mainframers can develop the software necessary for supercomputers, which means that, though the quality of software production is high, there are limitations.

This is why it would be valuable for Japanese mainframers to collaborate with EC countries on supercomputer technologies. At present, there are already similar joint efforts toward the standardization of ISDN communication and toward connecting different manufacturers' computers (OSI). Both projects are likely to come to fruition in the near future.

— Shigeru Ueno, chief director, Institute for Software Technology, Tokyo



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مكازم التحصيل

1992 The World's Rendezvous With Europe

R & D / Second 5-Year Period

Esprit Research Budget to Double to \$4 Billion

If Europe fails to close its technology gap, it will be American and Japanese firms that reap the benefits. As Michel Carpentier, head of the EC Commission's Information Technology and Telecommunications section, warns: "Europe will only fully succeed if, in parallel with internal market unification, it can systematically and consistently strengthen its research and development effort."

According to Karl-Heinz Narjes, the European Commissioner responsible for research: "Although the EC countries together have the resources to stay in the front line of technological advance, too often these resources have remained dispersed across the Community in sub-optimal, short-term projects leading to products designed for limited national markets."

Supernode and other projects prepare IT future

The European Strategic Programme for Research and Development in Information Technology (ESPRIT) was originally launched back in 1984 to help overcome this and other problems, including the lack of cooperation between academics and industrialists, and fragmented national markets. Set up before the current program to create a genuine common market, ESPRIT has become all the more relevant in the light of 1992.

Of 1.5 billion ECUs (some \$1.88 billion) found for the initial 1984-88 phase, half came from the community and half from the participants themselves. The fact that each ESPRIT project has to include more than one EC country, and at least two direct competitors, is a guarantee that the benefits of the research are not restricted to a single EC country.

An indication of the program's success is that on April 11, EC research ministers gave the final go-ahead to doubling its budget for the second five-year phase to 3.2 billion ECUs (some \$4 billion). Over the full ten-year period, ESPRIT will therefore become the single largest R & D program the EC has ever undertaken, enjoying a total budgetary envelope of no less than 4.7 billion ECUs (some \$5.88 billion).

ESPRIT's second phase is due to

concentrate on application technology and technology transfer, with particular emphasis on advanced components technologies and tools for systems design, computer integrated manufacturing (CIM) and the broader integration of IT applications. Moreover, whereas the first phase of ESPRIT was restricted to companies based in the EC, the second phase of ESPRIT will also be open to firms from the EFTA countries.

The deadline for proposals under ESPRIT II was April 12. The Commission's evaluation of them is due to be completed by the second half of May and the first projects are expected to start in late summer 1988. The response from industry has been even more enthusiastic than expected.

In terms of industrial impact, 111 projects out of a total of 227 in the first phase of ESPRIT have already produced significant results, even though few of them have been in existence for the full five years of the project. They include 28 major results in the field of international standards, which is of particular concern to European companies striving to break IBM's hold on de facto standards.

One of the best examples of a successful project, according to Jean-Marie Cadiou, the head of the Commission's ESPRIT department, is "Supernode." This project is concerned with the development of hardware, software and applications for a wide range of scientific and engineering problems. The objective is to match the performance of a super-computer but at a fraction of the cost.

The system's basic building block, the T800 model of the INMOS floating point transputer, packs the performance of an entire computer into a single chip. To give some idea of the degree of miniaturization involved, if each of the transistors in the transputer were as large as a pinhead, the chip itself would be the size of a soccer pitch.

The project is being led by the U.K.'s Royal Signals and Radar Establishment (RSRE). Other participants include the Thorn EMI Central Research Laboratory of Hayes (U.K.), the French hardware and software company APSIS of Grenoble, the University of Grenoble, Southampton University (U.K.), the

French minicomputer manufacturer Telmat S.A. (based at Sautz near Mulhouse), and British chip manufacturer INMOS. The marketing of a software package based on Supernode has recently been announced by Thorn EMI and Telmat.

Working models that can derive graphic images from relief map data are already available. Methods of implementing neutron absorption algorithms on the Supernode are also being studied, as are means of mapping quantum mechanical problems. For the computer-aided design of integrated chips, APSIS has developed its LUCKY LOG logical simulator to run on the Supernode, and is field testing the system with a view to a commercial launch in the near future.

Cathedral, another project dedicated to the development of hardware and software for the computer-aided design of state-of-the-art CMOS digital signal processing chips, has also exceeded its original aims.

"The system we have developed allows design work that would previously have taken two years to be completed in three hours," according to Patrick Pype, technical administration coordinator for project leaders IMEC (the joint electronics research center of the universities of Brussels, Gent and Leuven). "This research has put European manufacturers one step ahead of their U.S. and Japanese rivals, especially in the field of DSP chips for consumer electronics, audio, telecommunications, bio-medical and robotics applications," Mr. Pype maintains.

Other participants in the Cathedral project include Philips (Netherlands), Siemens (West Germany), Silar-Lisco (Belgium), the University of Bochum (West Germany) and Bell Telephone's Belgian subsidiary. The software developed by the Cathedral project is being extensively used for chip design by Philips, and the first chips using Cathedral technology have already been produced. An extensive study of the marketing opportunities for the hardware and software developed by the project is currently being conducted by IMEC.

Mr. Cadiou also points to the fact that the 11 ESPRIT projects concerned with office systems are making a major impact on more than 16 standards or standards-working groups in the area of open distributed



Michel Carpentier, EC director general of Telecommunications, Information Industries and Innovation.

architecture. The newly adopted ISO standard on Office Document Architecture (ISO 8613) for handling texts and pictures was first prepared in an ESPRIT project called Herode. The Herode project leader, Siemens AG of Munich, worked with TITN of Paris and the Centre de Recherche Informatique de Nancy (France).

The original partners have now been joined by Bull (France), Olivetti (Italy), ICL and Queen Mary College Interactive (U.K.) and the Service d'Etudes Communales des Postes et Télécommunications (France) to work on a project called PODA. The project aims to develop practical applications for the ODA standard, which is competing with IBM's DCA/DIA standard, and to further develop the ODA standard itself. A first demonstration of document exchange using the ODA standard took place in 1987. Products should be commercially available in the 1990s.

Besides the direct benefits of such projects, Mr. Cadiou also cites the considerable indirect benefits. In particular, European IT companies are tending to cooperate with each other instead of with U.S. firms. The number of link-ups between European companies increased seven-fold between 1984 and 1987, Mr. Cadiou claims, excluding those within the ESPRIT project itself. Moreover, he adds, there are now five European companies to be found among the world's ten fastest growing data processing companies.

— Jonathan Todd

Alliances / Management by Merger

European Clients, Work Force and Shareholders

Late last month, two of Europe's leading computing services companies announced that they were merging. Executives of Great Britain's CAP Group and France's Sema-Metra said their new company, to be called Semacap, would have the size, balance of services and management capability to compete not only against European rivals, but also against American and Japanese companies.

"The original ingredient is that we create a group with a genuine European nationality, Pierre Bonelli, Sema-Metra's chairman, said in Paris after the merger announcement was made. "We already have clients and a work force drawn from all over Europe, and now we will have a European shareholder list as well."

Mergers, alliances and joint ventures are hardly a surprise in the

computing services industry, where many top managers are convinced that the cut-throat competition will leave only a few major players surviving into the 1990s.

Two other U.K. companies in the field, Systems Designers and Scicon, have already announced their merger this year, and yet another, Logica, announced it had bought Data Architects, an American rival. CAP Gemini Sogeti, the biggest European company in data processing services, last month launched a takeover of Data Logic AB, the Swedish software services firm.

CAP Group and Sema-Metra, with combined 1987 sales of more than \$450 million and a combined work force of 6,400, made it clear that the changes now referred to simply as "1992" were a major factor in the merger.

"Deregulation as the trade barriers are lifted by 1992 was one of the driving forces that caused us in the last two or three years to look at long-range strategies," said Michael Smith, the CAP Group managing director.

Mr. Smith, who will join Mr. Bonelli

International scope needed to bid on major contracts

Joint projects are nothing new in Europe, of course. Airbus, Ariane space and the auto industry's Joint Research Committee are all examples of how various companies, state-run and strictly private, have collaborated to fight non-European competition.

However, in recent years many head-to-head competitors have formed alliances covering a broad scope of research and development. A classic example is Mags, the mega-silicon chip research project sponsored by two of Europe's largest computer companies, the Netherlands' Philips and West Germany's Siemens. A similar alliance of large European computer companies is the joint artificial intelligence research project undertaken by Siemens, Britain's ICL and France's Groupe Bull.

Collaboration, it seems, has become the corollary of competition as European companies reposition themselves in readiness for 1992.

"We are both value-driven organizations, organizations that share the same values if not the same cultures," Mr. Smith said. "This merger gives us access through French management to the French market. And vice versa." The larger "home" market afforded by 1992's changes is important because it provides the sort of sales base needed to compete with the U.S. companies' vast American markets.

The answer, he believed, was to merge with a company already established on the Continent, and Sema-Metra offered a comfortable fit both geographically and philosophically.

Collaboration, it seems, has become the corollary of competition as European companies reposition themselves in readiness for 1992.

— Timothy Harper

Information Technology / Maintaining Market Share

Do-or-Die Decade for EC

Continued from page 1

cynicism. Europe has a fragmented market position and a mass of incompatible products. There are too many suppliers in many high-tech sectors and there will certainly be no letup in competition from East and West.

Every major American and Japanese IT concern is currently determining its production and commercial strategy for the Europe of the 1990s. Multinational companies, particularly the Japanese who worry that a unified Europe may unite against them in an outburst of protectionism, are preparing to increase investment in EC countries and will undoubtedly focus Europeans' attention on their own market shortcomings by quickly introducing new products and services. American companies like International Business Machines (IBM), with their greater experience of large, integrated markets, are perhaps better-prepared to capitalize on a truly common market.

The breakdown of state monopolies, broader bidding for government projects and pan-European standards will undoubtedly create growth in many market segments — particularly software, mobile communication, networking, UNIX systems and the range of products related to integrated services digital networks (ISDN) — but Europeans will have to fight to maintain their share.

While there will be increased competition throughout the sector, the market itself is unlikely to expand by leaps and bounds.

Electronics Magazine predicts that this year, sales of computers and related equipment will grow only seven percent in Europe, compared to eight percent last year. It forecasts that sales of communication equipment will slip, while "budgets for military communication are also on the decline."

These projections are less than comforting news for the companies concerned. The data processing and communication business together account for 70 percent of the electronics equipment market in the four major European countries.

What else can the Europeans do, besides continuing to form strategic commercial alliances and rationalizing their research and product development?

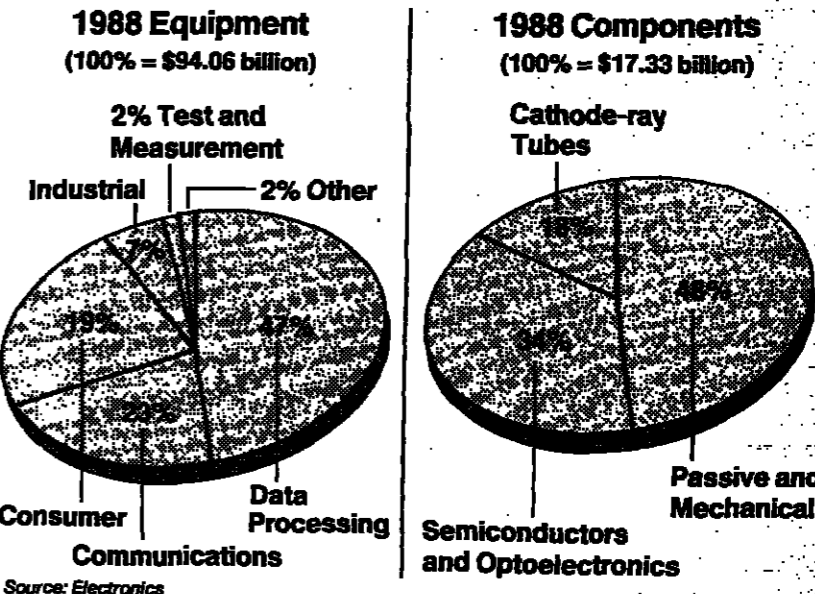
They should, contend both optimists and pessimists, immediately attempt to capitalize on a number of potentially lucrative technological innovations and developments where they currently have a lead.

They should use the renewed technological and industrial confidence inspired by the realistic and symbolic targets of "1992" to develop and promote such innovations as videotex services, ISDN, cellular telephony and high-definition television.

The larger European market —

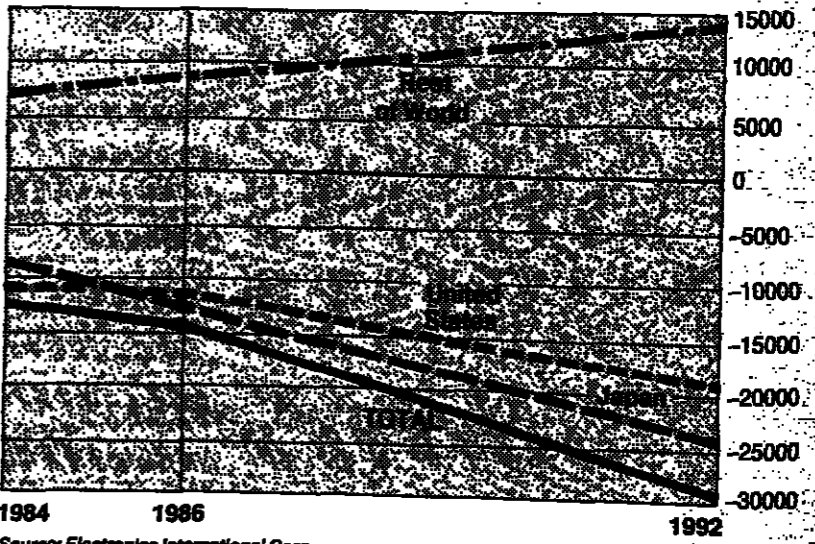
Information Technology Sales in Europe

Equipment and components market in West Germany, France, Italy and United Kingdom. (Total for all 12 EC countries: \$144 billion)



Deficit Expected to Continue

Europe's balance of trade in electronics and data processing equipment, measured in millions of ECUs.



and everything it represents for the global marketplace — will definitely be the watershed for every multinational IT company. The companies which dominate it will undoubtedly be the corporate powerhouses of the early 21st century — and the losers, whatever their national or par-national identity, will be left out in the cold.

Timothy Harper is a London-based American journalist and lawyer. Axel Krause, IHT corporate editor, is supervising the 1992 series. Sabine Krueger is a correspondent for McGraw-Hill in Bonn. Joel Stratte-McClure is a freelance writer and the editor of *Sophialeit*. Jonathan Todd writes for the *Sunday Times* from Brussels.

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مكازم التحصيل

ARTS / LEISURE

'Salome': An Erotic Nightmare

By Henry Pleasants
LONDON — Sir Peter Hall has not said that he views Richard Strauss's 'Salome' as an erotic nightmare. But acceptance and approval of his new production at the Royal Opera, Covent Garden, is easier and more rewarding if one assumes that he does.

Ewing may have solved it — begins with Wilde and his willful, fanciful and perverse distortion of what has come down to us in the gospels according to St. Matthew and St. Mark. What they tell us is quite a different story, with Salome (named) a subsidiary character.

There is good theater here, and a good Strauss opera, too. The central figure, however, is not the daughter, who simply does as she is told, but the mother, who thirsts for bloody revenge and gets it. The Bible tells us nothing about what she did with the head — she probably had it thrown in the nearest canal. Least of all is there any suggestion of Salome's necrophilic eroticism in Strauss's famous — or infamous — finale.

erwise they would simply be embarrassing. It is similar with the Dance of Seven Veils. As performed by Ewing it would hardly do in a world of reality, but as erotic fantasy it passes, including the orgasmic climax. Gypsy Rose Lee's exit line after her striptease used to be a girlish "But I can't take that off." Ewing can — and does.



Lacroix greets guests at the Saks fashion show in New York; at right, Blaine Trump at the ballet in Lacroix's black tulle with plumed and ribboned gloves. But the designer says that he is designing his ready-to-wear for the street, not gals.

New Guitar for Muddy Waters

By Robert Palmer
CLARKSDALE, Mississippi — Muddy Waters, the pioneer of electric blues, grew up near this small Mississippi Delta town, on Sival's Plantation, leaving in May 1943 after the overseer refused his request for a raise from 22¢ cents to 25¢ cents an hour.

Hooker, Sam Cooke and other blues and soul masters but not a musical hotbed recently. They left with the log from the Muddy Waters cabin. When they returned on Thursday with the guitar, they found a town awakening to its musical heritage.

DOONESBURY
WHAT ARE YOU BANKING AT, STRANGER? NICOLE, YOU LOOK WONDERFUL! THANKS, MIKE, YOU'RE LOOKING PRETTY GOOD YOURSELF! I'M GOING TO GO GET A DRINK. SEE YOU LATER? OKAY. NOW... FORGIVE ME FATHER, I WANT TO SIN. I DON'T DO FUNERALS.

Waters, whose real name was McKinley Morganfield, went to Chicago, formed the first important electric blues band and became a major figure in postwar American music. He was an inspiration to many blues and rock musicians. He died in 1983.

All else is fine in this production, first seen in Los Angeles in 1986, with splendid performances by Helga Dernesch as Herodias, Robert Tear as Herod and the American baritone Robert Hale as Jokanaan (John the Baptist). Above all is the Royal Opera House Orchestra under the guidance of Christoph von Dohnanyi, always considerate of the voices while slighting nothing of Strauss's orchestration.

Henry Pleasants is a London-based author and critic who specializes in music and opera.

Lacroix Plays the Trump Card

By Anne-Marie Schiro
NEW YORK — Christian Lacroix's visit to New York last week proved that he is a bona fide fashion celebrity. Parties were held in his honor, and people lined up for his autograph. But his visit is more than a social call.

He also defended his continuing to make fanciful clothes. "If I did what everyone else is doing," he said, "everyone would be bored. And I would be bored. The period is a little tough. But I think that is one more reason for me to be a little different."

cost because, she said, "Rex loves me in purple." Party Hearst Shaw and Kimberly Rockefeller were both taken with the designer's paisley gloves.

While his flamboyant couture designs earned Lacroix a tidal wave of publicity and had a marked influence on the spring collections of other designers, the stock market plunged last October put a damper on excess. Designers are currently heading in a more sober direction.

At the ballet, Kimberly Farkas was wearing one of Lacroix's more conservative designs: a slim, one-shoulder floral print. It was one of at least 14 genuine Lacroix and dozens of Lacroix-inspired dresses that proved that poufs are not dead, at least not among those members of new society who revel in being noticed at fancy parties.

Advertisement for ESCADA in Paris Export discount Marie-Martine 8 Rue de Serres, Paris 6th.

Table: NYSE Most Actives. Columns: Vol., High, Low, Last, Chg. Lists various stocks like SouthCo, AT&T, Ford, etc.

Table: Market Sales. Columns: NYSE 4 a.m. volume, NYSE prev. close, Amex prev. close, etc.

Table: NYSE Index. Columns: Composite, Industrials, Unchanged, Utilities, Finance.

Monday's NYSE Closing. Via The Associated Press.

Table: AMEX Diary. Columns: Class, Prev., Total Issues, New Issues.

Table: NASDAQ Index. Columns: Composite, Industrials, Unchanged, Utilities, Finance.

Table: AMEX Most Actives. Columns: Vol., High, Low, Last, Chg. Lists various stocks like Aetna, Sun, etc.

Table: Dow Jones Bond Averages. Columns: Bonds, Industrials.

Table: NYSE Diary. Columns: Class, Prev., Total Issues, New Issues.

Table: Odd-Lot Trading in N.Y. Columns: Buy, Sales, %YTD.

Table: Dow Jones Averages. Columns: Industrials, Unchanged, Utilities, Finance.

Table: Standard & Poor's Index. Columns: High, Low, Close, Chg.

Table: NASDAQ Diary. Columns: Class, Prev., Total Issues.

Table: AMEX Stock Index. Columns: High, Low, Close, Chg.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Earnings Help Propel NYSE

NEW YORK — Prices on the New York Stock Exchange rose sharply Monday as investors put aside fears of inflation and higher interest rates and focused on favorable earnings reports.

Table: 12 Month High Low Stock. Columns: Div., Yld., PE, %H, %L, %C, %O. Lists various stocks like AAR, ABB, etc.

Earnings Help Propel NYSE

have overcome some of the "extreme fears" over the potential for higher inflation. Investors were concerned that the Federal Reserve Board would respond with a more restrictive monetary policy that would boost interest rates.

Table: 12 Month High Low Stock. Columns: Div., Yld., PE, %H, %L, %C, %O. Lists various stocks like ACE, ACF, etc.

Earnings Help Propel NYSE

Mr. Dorr said the advance could not be pinned on one factor, although he did cite a firmer bond market "and an overall better sentiment" on Wall Street.

Table: 12 Month High Low Stock. Columns: Div., Yld., PE, %H, %L, %C, %O. Lists various stocks like ABB, ABB, etc.

(Continued on next page)

Activity and consolidated results of the BNP Group in 1987

The Board of Directors of the Banque Nationale de Paris met on April 14, 1988 under the Chairmanship of Mr. René Thomas, to examine the accounts of the BNP for the accounting year 1987.

BNP Group

1987 has been a good year in terms of activity, with a slight fall in consolidated net income, in a more difficult economic environment.

Consolidated net income was FF 3,009 million in 1987, compared with FF 3,169 million in 1986 and FF 2,114 million in 1985.

| Principal components of income (in millions of French francs) | 1986 | 1987 | % |
|---|--------|--------|-------|
| Net banking revenue | 29,358 | 29,844 | + 1.7 |
| Non-interest operating expenses and fixed asset depreciation | 19,371 | 20,423 | + 5.4 |
| Net operating income before provisions | 9,987 | 9,421 | - 5.7 |
| • of which, Continental France | 8,284 | 7,575 | - 8.6 |
| Foreign and Overseas | 1,703 | 1,846 | + 8.4 |
| Net provisions for the year | 5,143 | 4,924 | - 4.2 |
| Consolidated net income | 3,169 | 3,009 | - 5.0 |
| • of which, Group share | 3,015 | 2,835 | - 5.9 |

In Continental France, the level of activity has been sustained; customer deposits increased on average by 6.5 %, as against 4 % in 1986. The average cost of deposits has fallen, due primarily to the strong growth in sight deposits and savings accounts.

Loans and advances increased at a rapid rate of 6.7 %, compared with 4.6 % in 1986, particularly to private customers, who now represent 31 % of total loans, up from 27 % in the preceding year.

Capital market activities, benefitting from the privatisation program, showed continued growth, leading to a further rise in commission income; BNP confirmed its leading position among banks on the bond market, for the underwriting and placement of shares for privatised companies, in the commercial paper market and for introductions on the Paris second market.

The specialised subsidiaries (BNP-Bail, Crédit Universel, Banque Natio-Trésorerie, BANEXI, Natio-Vie) maintained a favourable level of activity in 1987.

Group net operating income in the Overseas and Foreign Network, which includes this year 100 % of the United Overseas Bank in Geneva, is up by 8.4 % with significant growth in customer related business. This rate of growth particularly high in Asia and the Far East, comes out at 4.7 % when adjusted to constant exchange rates and an identical basis of consolidation.

For the Group as a whole, net operating income, after depreciation, but before provisions, taxes and other items, stands at FF 9,421 million compared with FF 9,987 million in 1986, and FF 8,778 million in 1985. The increase in net banking revenue has been insufficient to compensate for the rise in non-interest operating expenses and depreciation, the level of which reflects Group policy to pursue the computerisation of operations and the development of automatic payment systems.

These results, recording a slight fall in comparison with 1986, but an increase compared with 1985, may be regarded as satisfying in a particularly difficult economic environment, marked by increased competition and the international stockmarket and financial crisis.

Pursuing its efforts of prior years, the Group increased its banking provisions by FF 4,924 million in 1987, including FF 2,383 million in respect of loans made to countries experiencing payment difficulties, bringing the total of these provisions to 50 % of related loans.

All unrealised capital losses arising as a result of the stockmarket crisis have been fully provisioned in 1987. BNP has not taken advantage of the new facilities relating to investment securities, for which provision is no longer required.

BNP has also constituted full provisions this year for all rights accruing to employees under social benefit schemes. After taxes and other items, consolidated net income amounts to FF 3,009 million.

BNP Parent Company Net income totals FF 1,546 million, up by 32.9 % over 1986.

| Principal components of income (in millions of French francs) | 1986 | 1987 | % |
|---|--------|--------|--------|
| Net banking revenue | 24,156 | 24,295 | + 0.6 |
| Non-interest operating expenses and fixed asset depreciation | 16,919 | 17,479 | + 3.3 |
| Net operating income after depreciation before provisions, taxation and other items | 7,237 | 6,816 | - 5.8 |
| Net provisions for the year | 4,774 | 4,346 | - 8.9 |
| Net income | 1,163 | 1,546 | + 32.9 |

At the General Shareholders' Meeting, the Board will propose a total distribution of FF 676 million compared with FF 588 million in the preceding year, an increase of 15 %, bringing the dividend per ordinary and non-voting share up to FF 11.50, or FF 17.25 inclusive of tax credit, after the free share issue of one for ten in 1987. Total consolidated assets amount to FF 975 billion at the end of 1987, an increase of 6.5 % over the previous year.

Stockholders' equity, strengthened by undistributed income for the period, stands at FF 24.6 billion as against FF 21.7 billion at the end of 1986 and FF 14.6 billion at end 1985; stockholders' equity together with equivalents total FF 30.9 billion.

Risk cover has thus been reinforced by increases in stockholders' equity and provisions and, by reference to the future solvency ratio proposed by the Cooke Committee, the BNP Group is in a position to satisfy the ratios foreseen for 1992.



Monday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

| 12 Month High | Low | Stock | Div. Yld. % | PE | 52 Week High | Low | Change |
|---------------|--------|-------------------|-------------|----|--------------|--------|--------|
| 14 1/2 | 14 1/4 | AT&T | 5.2 | 15 | 14 1/2 | 14 1/4 | + 1/4 |
| 11 1/2 | 11 1/4 | IBM | 4.8 | 15 | 11 1/2 | 11 1/4 | + 1/4 |
| 10 1/2 | 10 1/4 | GE | 4.5 | 15 | 10 1/2 | 10 1/4 | + 1/4 |
| 9 1/2 | 9 1/4 | Merck | 4.2 | 15 | 9 1/2 | 9 1/4 | + 1/4 |
| 8 1/2 | 8 1/4 | Johnson & Johnson | 3.8 | 15 | 8 1/2 | 8 1/4 | + 1/4 |

(Continued)

| | | | | | | | |
|--------|--------|---------|-----|----|--------|--------|-------|
| 27 1/2 | 27 1/4 | Corning | 3.8 | 15 | 27 1/2 | 27 1/4 | + 1/4 |
| 26 1/2 | 26 1/4 | Eastman | 3.5 | 15 | 26 1/2 | 26 1/4 | + 1/4 |
| 25 1/2 | 25 1/4 | 3M | 3.2 | 15 | 25 1/2 | 25 1/4 | + 1/4 |
| 24 1/2 | 24 1/4 | Amgen | 3.0 | 15 | 24 1/2 | 24 1/4 | + 1/4 |
| 23 1/2 | 23 1/4 | Boeing | 2.8 | 15 | 23 1/2 | 23 1/4 | + 1/4 |

D

| | | | | | | | |
|--------|--------|--------|-----|----|--------|--------|-------|
| 22 1/2 | 22 1/4 | Amgen | 3.0 | 15 | 22 1/2 | 22 1/4 | + 1/4 |
| 21 1/2 | 21 1/4 | Boeing | 2.8 | 15 | 21 1/2 | 21 1/4 | + 1/4 |
| 20 1/2 | 20 1/4 | Amgen | 3.0 | 15 | 20 1/2 | 20 1/4 | + 1/4 |
| 19 1/2 | 19 1/4 | Boeing | 2.8 | 15 | 19 1/2 | 19 1/4 | + 1/4 |

E

| | | | | | | | |
|--------|--------|--------|-----|----|--------|--------|-------|
| 18 1/2 | 18 1/4 | Amgen | 3.0 | 15 | 18 1/2 | 18 1/4 | + 1/4 |
| 17 1/2 | 17 1/4 | Boeing | 2.8 | 15 | 17 1/2 | 17 1/4 | + 1/4 |
| 16 1/2 | 16 1/4 | Amgen | 3.0 | 15 | 16 1/2 | 16 1/4 | + 1/4 |
| 15 1/2 | 15 1/4 | Boeing | 2.8 | 15 | 15 1/2 | 15 1/4 | + 1/4 |

F

| | | | | | | | |
|--------|--------|--------|-----|----|--------|--------|-------|
| 14 1/2 | 14 1/4 | Amgen | 3.0 | 15 | 14 1/2 | 14 1/4 | + 1/4 |
| 13 1/2 | 13 1/4 | Boeing | 2.8 | 15 | 13 1/2 | 13 1/4 | + 1/4 |
| 12 1/2 | 12 1/4 | Amgen | 3.0 | 15 | 12 1/2 | 12 1/4 | + 1/4 |
| 11 1/2 | 11 1/4 | Boeing | 2.8 | 15 | 11 1/2 | 11 1/4 | + 1/4 |

G

| | | | | | | | |
|--------|--------|--------|-----|----|--------|--------|-------|
| 10 1/2 | 10 1/4 | Amgen | 3.0 | 15 | 10 1/2 | 10 1/4 | + 1/4 |
| 9 1/2 | 9 1/4 | Boeing | 2.8 | 15 | 9 1/2 | 9 1/4 | + 1/4 |
| 8 1/2 | 8 1/4 | Amgen | 3.0 | 15 | 8 1/2 | 8 1/4 | + 1/4 |
| 7 1/2 | 7 1/4 | Boeing | 2.8 | 15 | 7 1/2 | 7 1/4 | + 1/4 |

H

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|-------|-------|--------|-----|----|-------|-------|-------|
| 6 1/2 | 6 1/4 | Amgen | 3.0 | 15 | 6 1/2 | 6 1/4 | + 1/4 |
| 5 1/2 | 5 1/4 | Boeing | 2.8 | 15 | 5 1/2 | 5 1/4 | + 1/4 |
| 4 1/2 | 4 1/4 | Amgen | 3.0 | 15 | 4 1/2 | 4 1/4 | + 1/4 |
| 3 1/2 | 3 1/4 | Boeing | 2.8 | 15 | 3 1/2 | 3 1/4 | + 1/4 |

I

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|-------|-------|--------|-----|----|-------|-------|-------|
| 2 1/2 | 2 1/4 | Amgen | 3.0 | 15 | 2 1/2 | 2 1/4 | + 1/4 |
| 1 1/2 | 1 1/4 | Boeing | 2.8 | 15 | 1 1/2 | 1 1/4 | + 1/4 |
| 1/2 | 1/4 | Amgen | 3.0 | 15 | 1/2 | 1/4 | + 1/4 |

J

| | | | | | | | |
|-----|-----|-------|-----|----|-----|-----|-------|
| 1/2 | 1/4 | Amgen | 3.0 | 15 | 1/2 | 1/4 | + 1/4 |
|-----|-----|-------|-----|----|-----|-----|-------|

K

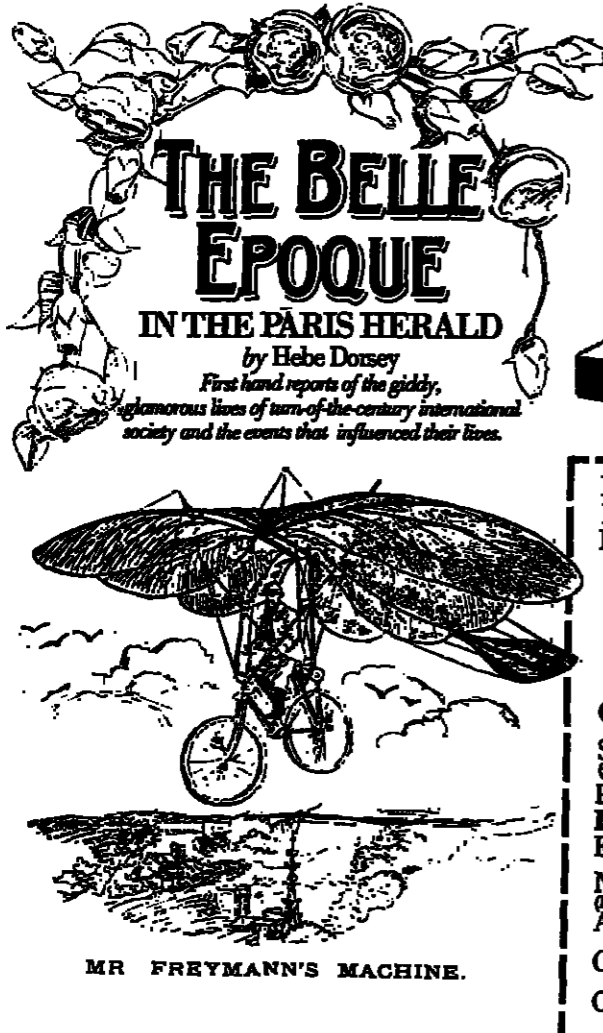
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| 1/2 | 1/4 | Amgen | 3.0 | 15 | 1/2 | 1/4 | + 1/4 |
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L

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|-----|-----|-------|-----|----|-----|-----|-------|
| 1/2 | 1/4 | Amgen | 3.0 | 15 | 1/2 | 1/4 | + 1/4 |
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M

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| 1/2 | 1/4 | Amgen | 3.0 | 15 | 1/2 | 1/4 | + 1/4 |
|-----|-----|-------|-----|----|-----|-----|-------|



Long-time Trib fashion editor, Hebe Dorsey went into the archives of the old Paris Herald (original name of today's Trib) and collected the great news stories of the turn of the century — along with glorious, gossipy tid-bits, records of fabulous gals, stunning fashions, gentlemen's duels and "crazy inventions."

With hundreds of excerpts of articles, delightful vignettes and 147 illustrations, this book is a vivid evocation of a period no one imagined would ever end. A great gift idea.

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(Continued from Back Page)

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 Page 13

INTERNATIONAL STOCK MARKETS

Fears of Falling Dollar Leave Zurich in Doldrums

By JACQUES NEHER
Special to the Herald Tribune
ZURICH — Just when it seemed that the Swiss stock market was ready to recover from its Black Monday plunge, it appears to be back in the doldrums. Analysts say foreign investors, who had begun to wade back into the market last month, have retreated again because of new fears that the dollar may fall still further against the Swiss franc.

"It's been very slow all month," said Markus Stambli, vice president in charge of institutional sales for Credit Suisse. He said recent news of earnings and dividend increases "doesn't help at all. Investors only respond to the bad news."
 For example, he noted, last Wednesday, when the Italian tire group Pirelli announced plans to reorganize its corporate holdings in an effort to protect it from a hostile bid, the price of Societe Internationale Pirelli, listed in Zurich, took a 12 percent dive, pulling the market down with it. Zurich is not Switzerland's only stock exchange but it is the dominant one, with 60 percent of total turnover, and as Zurich goes, so go the others.

Further depressing the market were antitakeover measures announced by two major Swiss companies, the pharmaceutical group Ciba-Geigy AG and the chemical company Sandoz AG. The Zurich general market index, published by Swiss Bank Corp., registered 489.50 on Monday, only 7.8 percent above its post-crash low of 454 last Nov. 10.

The Zurich stock market remains the most stagnant of the major markets since last October's plunge. Hong Kong fell further, the Hang Seng index dropping from around 3,950 before the crash to a low of less than half that, but has since rebounded, closing Monday at 2,623.75. The second most stagnant is Frankfurt, whose FAZ index on Monday was 451.77, or 13.9 percent above its Jan. 29 low of 396.40.

RELATIVE TO its pre-crash peak of 734 on Oct. 5, the Zurich market is still down 33 percent. Frankfurt also is off 33 percent from its 1987 peak of 676.84, reached Jan. 6. Swiss brokers all point to sound fundamentals — Switzerland's strong banking institutions, a fairly good economic outlook, labor peace, political stability and rock-bottom share prices — and say things should be better than they are.

"I don't see any clouds," said Gerd Lehmann, vice president of the exchange. "There's no reason the market should be doing badly."

Lombard Odier & Compagnie, one of the 29 members of the exchange, echoed that sentiment in a recent report on what it termed "the Swiss paradox."
 The report said, "While the Swiss economy is challenged only by Japan as the one with the soundest fundamentals, the Swiss market ended 1987 with one of the biggest losses in the world." The losses, it said, were "all the more surprising and disappointing because [the Swiss market] had risen less than other major markets during the bull market of the past five years."

Unjust or not, foreign investors, who traditionally account for at least half of the volume on the Zurich market, are few and far between these days. A strong indication of this is that the premium for bearer shares, a class of stock foreigners are permitted to buy, has fallen sharply relative to registered shares, which can be owned only by Swiss citizens. A year ago, bearer shares for major Swiss banks were priced almost twice as high as registered shares, while that premium now has faded to 10-20 percent.

While dealers say some British institutional investors have wandered back into the market, other Continental investors and the big U.S. and Japanese investors are conspicuously absent. Brokers say a slow effort to rebuild foreign confidence over

See ZURICH, Page 17

Currency Rates

| Currency | 1 Unit | 100 U.S. Dollars |
|------------------|--------|------------------|
| American dollar | 1.48 | 100 |
| British pound | 1.55 | 100 |
| French franc | 166.37 | 100 |
| German mark | 1.75 | 100 |
| Italian lira | 1,936 | 100 |
| Japanese yen | 163.60 | 100 |
| Swiss franc | 1.48 | 100 |
| West German mark | 1.75 | 100 |

Other Dollar Values

| Currency | Per \$ | Per 100 |
|--------------------|--------|---------|
| Australian dollar | 0.75 | 100 |
| Canadian dollar | 0.75 | 100 |
| Hong Kong dollar | 7.80 | 100 |
| Indian rupee | 16.50 | 100 |
| Israeli sheqel | 1.80 | 100 |
| Japanese yen | 163.60 | 100 |
| South African rand | 1.80 | 100 |
| South Korean won | 200.00 | 100 |
| Taiwan dollar | 20.00 | 100 |
| Thai baht | 20.00 | 100 |
| West German mark | 1.75 | 100 |

Forward Rates

| Currency | 30-day | 60-day | 90-day |
|------------------|--------|--------|--------|
| American dollar | 1.48 | 1.48 | 1.48 |
| British pound | 1.55 | 1.55 | 1.55 |
| French franc | 166.37 | 166.37 | 166.37 |
| German mark | 1.75 | 1.75 | 1.75 |
| Italian lira | 1,936 | 1,936 | 1,936 |
| Japanese yen | 163.60 | 163.60 | 163.60 |
| Swiss franc | 1.48 | 1.48 | 1.48 |
| West German mark | 1.75 | 1.75 | 1.75 |

Interest Rates

| Term | Rate |
|--------------------------|-------|
| 3-month Eurocurrency | 8.00% |
| 6-month Eurocurrency | 8.50% |
| 1-year Eurocurrency | 9.00% |
| 3-month US Treasury bill | 7.50% |
| 6-month US Treasury bill | 8.00% |
| 1-year US Treasury bill | 8.50% |

Key Money Rates

| Instrument | Rate |
|--------------------------|-------|
| 3-month Eurocurrency | 8.00% |
| 6-month Eurocurrency | 8.50% |
| 1-year Eurocurrency | 9.00% |
| 3-month US Treasury bill | 7.50% |
| 6-month US Treasury bill | 8.00% |
| 1-year US Treasury bill | 8.50% |

Asian Dollar Deposits

| Term | Rate |
|---------|-------|
| 1-month | 7.75% |
| 3-month | 7.75% |
| 6-month | 7.75% |
| 1-year | 7.75% |

U.S. Money Market Funds

| Fund | Assets | Yield |
|-----------------------------|--------|-------|
| Merrill Lynch Bond Assets | \$1.2B | 5.7% |
| Telerec Interest Rate Index | 4,733 | — |

Gold

| Market | Price |
|----------|--------|
| London | 374.00 |
| New York | 374.00 |
| Paris | 374.00 |
| Zurich | 374.00 |

Earnings Up 36% At Exxon

Refining Margins Also Aid Mobil

The Associated Press
NEW YORK — Exxon Corp., the world's largest oil company, said Monday that first-quarter earnings soared 36 percent to \$1.46 billion from a year earlier, while Mobil Corp., No. 2 in the United States, reported a doubling of its quarterly profit to \$505 million.

Both companies said a drop in oil prices during the quarter helped increase their profit margins for refining and chemicals.
 Citing the same reasons, Chicago-based Amoco Corp. said its earnings leaped 80 percent to \$469 million.

At the end of last quarter, amid a global production glut, oil prices dropped as low as \$14 a barrel, about \$4 below the \$18 target price of the Organization of Petroleum Exporting Countries.

News that OPEC and non-OPEC nations will be meeting this week to discuss production cuts has strengthened oil prices this month, with North Sea Brent, the most widely traded European crude, now trading around \$17.

Exxon said sales totaled \$22 billion in the quarter, up 13 percent from a year earlier, while Mobil's revenue from continuing operations rose 18 percent to \$13.8 billion. Amoco's sales rose 11.5 percent to \$5.8 billion.

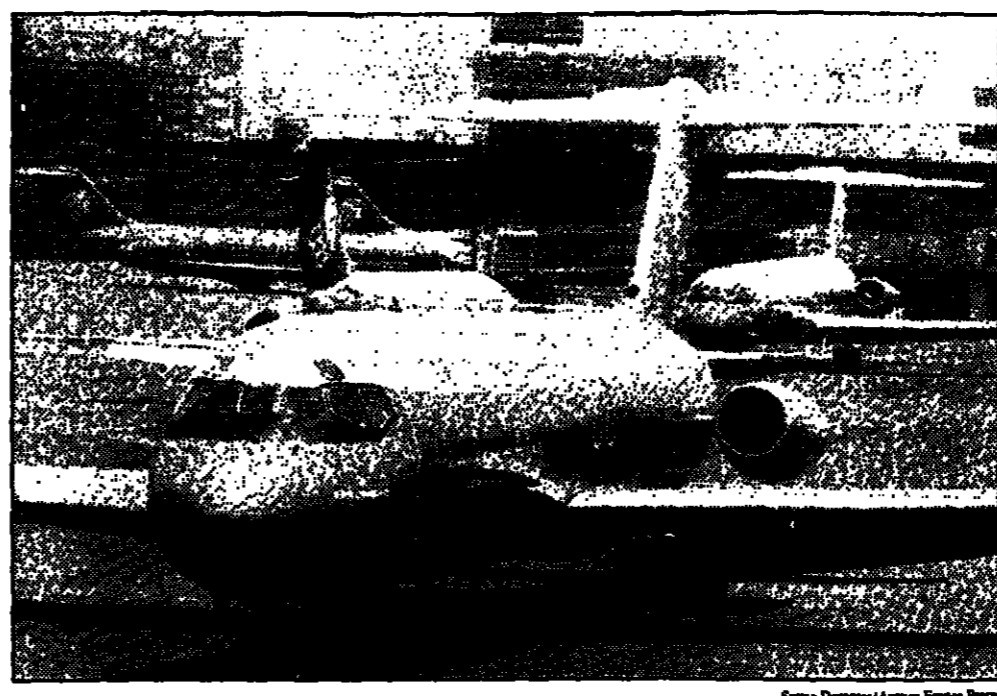
Exxon's chairman, Lawrence G. Rawl, said that sharply lower crude prices together with much stronger margins for petroleum products and higher chemical earnings "were fundamentally responsible for the overall earnings improvement."

"The quarterly comparison was helped by sale of property abroad and lower incentive compensation costs in 1988," he said, "but the effect of these benefits was largely offset by the absence of 1987 foreign exchange gains and tax credits associated with foreign operations."

Mobil's chairman, Allen E. Murray, said the company's quarterly performance was the best since 1981, with the most important improvements occurring in its domestic refining and marketing areas as well as in chemicals.

Mobil said its earnings did not reflect the operations of its Montgomery Ward & Co. unit, which it agreed on March 7 to sell to a management-led investor group in a \$3.8 billion leveraged buyout.

Amoco's chairman, Richard M. Morrow, also attributed the company's performance to substantial strengthening of refined product margins, along with continued record earnings in chemicals.



Aeroméxico jetliners standing idle at Mexico City's airport after the carrier was declared bankrupt.

Mexico Bravely Lets an Airline Fold

Bankruptcy of Aeroméxico Signals Industry's Overhaul

By Larry Rohter
New York Times Service

MEXICO CITY — The government's decision last week to allow a state-owned airline to declare bankruptcy heralds a sweeping overhaul of Mexico's inefficient and highly regulated air transport system, government officials and airline industry analysts here say.

The reorganization, which the local manager of one U.S. airline here describes as "a real revolution, and one long overdue," is expected to provide new opportunities to both Mexico's remaining domestic airlines and to foreign carriers that fly to Mexico.

It is also likely to stimulate domestic traffic, which declined last year, and tourism from abroad, according to Mexican and foreign industry analysts.

On April 15, following a five-day strike opposing the sale of 13 airplanes, Aeroméxico, which is completely owned by the Mexican gov-

ernment, announced it was going out of business. Despite protests organized by a labor union representing most of the airline's 12,500 employees, offers by the union to buy the airline, and major disruptions of air travel across the country, the government has held fast to its decision.

"It was a smart and courageous action," said Nelson Dumas, an aviation industry analyst at the Mexican stock brokerage house Inverlat. "The airline was not making money, the costs of keeping it afloat were much too high, and with the union so strong, it just reached the point where the government could not afford to support Aeroméxico anymore."

"It caught a lot of people here by surprise," a diplomat specializing in economic affairs said of the government move. "How many times have you heard of a country allowing its flag carrier to go under, no matter how bad the service it provided?"

In the short term, however, the disappearance of Aeroméxico has put serious strains on other airlines and produced inconvenience for thousands of Mexican and foreign travelers. With regular service to northern cities such as Ciudad Juárez, Chihuahua and Reynosa now nonexistent, passengers from Mexico City must fly to Dallas or San Antonio and then on to the Texas city closest to the border.

The Ministry of Tourism has also expressed concern that the temporary shortage of seats could hurt the booming tourism industry. More than 5 million foreign tourists visited Mexico last year, the majority of them Americans bound for beach resorts such as Acapulco, Cancún, Ixtapa and Mazatlán, all of which were Aeroméxico destinations.

In a speech in Monterrey this week, President Miguel de la Madrid pointed to the decision to close Aeroméxico as a sign of the government's determination to reform the airline industry.

Assuming foreign producers have about exhausted their ability to protect hard-won U.S. markets by accepting progressively slimmer profit margins, they will be seeking some other way to get some price pressure out of that," he added.

But analysts and officials expressed little fear of a return to the disruptive double-digit inflation levels of 1979 through 1981.

Although recently reported jumps in both the Consumer Price Index and the Producer Price Index for Finished Goods in March prompted waves of selling in the securities markets, these statistics alone did not make a persuasive case for a higher inflation level.

Yet the March increases did focus attention on the forces that seem to be converging to raise the inflation rate, probably to 4.5 to 5 percent, for the second half of this year.

An important factor is the dollar's decline, which would suggest inflation on the industrial side," she said.

But there is evidence that many prices are, in fact, being raised. A survey by the National Federation of Independent Business found last month that 77 percent of its respondents planned to raise prices in the next six months, the highest since early 1984.

Many of those who believe that the nation's underlying inflation rate is indeed heading for, say, 5 percent from 4 percent, maintain that this is no cause for alarm.

"It's not necessarily a bad thing at all," Mr. Dunkelberg said. Higher prices and higher profits are the signals needed for the economy to shift resources from consumer goods into its increasingly export-oriented industrial sector so that the country can cut its deficit in international trade, he added.

U.S. Enters a Period of Slightly Higher Inflation, Experts Say

By Robert D. Hershey Jr.
New York Times Service

WASHINGTON — The United States appears to be entering a period of moderate but higher inflation in which the general price level could rise 5 percent or more a year into the early 1990s, many analysts say.

This acceleration, which is seen as pushing a bit higher and arriving a bit earlier than was recently expected, is a result of the decline in the exchange value of the dollar, the probable end of falling oil prices and the accumulating pressures of a business expansion that began more than five years ago.

"We are going to get more inflation," said William C. Dunkelberg, dean of the Temple University School of Business and Management. He cited increasing tightness in the labor market — at 5.6 percent, the national

unemployment rate is at its lowest since 1979 — and the fact that the paper, chemical and certain other industries are now running at virtually full capacity. "You've got to get some price pressure out of that," he added.

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Shares Sharply Lower in Paris on Election News

Reuters
PARIS — Share prices fell sharply on the Paris Bourse Monday before recovering in later trading as traders reacted to a poorer than expected performance by Prime Minister Jacques Chirac in the first round of France's presidential elections.

The Bourse's spot indicator opened 1.8 percent lower and fell in later trading to an overall decline of more than 3 percent before recovering to a preliminary close of down 1.72 percent.

The franc, meanwhile, dipped against the Deutsche mark in early trading, touching 3.40 francs per mark, but recovered later to be fixed at 3.3970, virtually unchanged from Friday's fixing of 3.3960.

Within the European monetary system, the franc was slightly below its central ECU rate by 30 percent of its permitted divergence, compared with 43 percent late on Friday.

The dollar, which was stable against other European currencies, was slightly higher against the franc. It was fixed at 5.6880 francs, up from 5.6770 Friday.

The French bond and financial futures markets followed the stock market lower. Bonds traded around 60 basis points, or hundredths of a percentage point, lower than Friday's levels.

Some securities traders were concerned that the vote for Mr. Chirac, a political conservative, might prove soft and fragmented in the second round of voting May 8, and that Mr. Mitterrand, if re-elected, might call a quick parliamentary vote.

Despite the decline Monday, the mood at the Bourse was generally sanguine.

"This is the first presidential election to have aroused so little panic among investors," one dealer said. "People are more concerned about economic fundamentals than politics."

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Monday's NYSE Closing

Tables include the nationwide prices on the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High Low Stock Div. Yld. PE 52-Week High Low Close

Table with columns: 12 Month High Low Stock Div. Yld. PE 52-Week High Low Close. Lists various stocks and their performance.

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Table with columns: 12 Month High Low Stock Div. Yld. PE 52-Week High Low Close. Continuation of stock listings.

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U.S. Futures

Via The Associated Press

April 25

Table with columns: Season Low Season High Open High Low Close Chg. Lists various futures contracts.

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Food

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Financial

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Company Results

Revenue and profits in millions, or in local currencies unless otherwise indicated.

Table with columns: Company Name, Revenue, Profit, etc. Lists financial results for various companies.

NYSE High-Lows

NEW HIGHS 15

Table with columns: Company Name, High, Low. Lists NYSE high and low prices.

NEW LOWS 12

Table with columns: Company Name, High, Low. Lists NYSE high and low prices.

AMEX High-Lows

NEW HIGHS 4

Table with columns: Company Name, High, Low. Lists AMEX high and low prices.

NEW LOWS 6

Table with columns: Company Name, High, Low. Lists AMEX high and low prices.

Paris Commodities

Table with columns: Commodity Name, Price. Lists Paris commodity prices.

London Commodities

Table with columns: Commodity Name, Price. Lists London commodity prices.

London Metals

Table with columns: Metal Name, Price. Lists London metal prices.

U.S. Treasuries

Table with columns: Treasury Name, Yield. Lists U.S. Treasury yields.

Spot Commodities

Table with columns: Commodity Name, Price. Lists spot commodity prices.

DM Futures Options

Table with columns: Option Name, Price. Lists DM futures options.

S&P 100 Index Options

Table with columns: Option Name, Price. Lists S&P 100 index options.

Dividends

Table with columns: Company Name, Dividend. Lists dividend information.

Cassini Planning

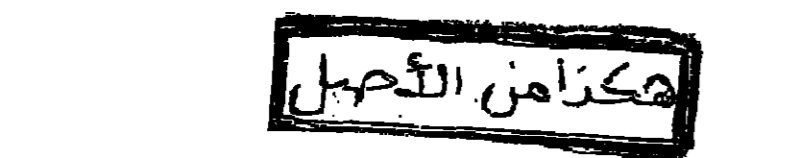
Return to Olivetti. Compiled by Our Staff From Dispatches. NEW YORK — Vittorio Cassini, the head of American...

Farmers, Resisting BAT, Decides Against Buyout

LOS ANGELES — Farmers Group Inc. facing a hostile \$4.5 billion takeover attempt by a company owned by BAT Industries PLC of Britain, said Monday its board has ended talks on a possible leveraged buyout and prefers that the company remain independent.

DM Futures Options

W. German Mark-DM futures, only per mark. Source: CME.



Vertical advertisements on the right edge of the page, including 'Bea', 'Elf Is For I', 'Airl', 'Repu Clear Corpor', and 'FUTU & OPTIC FUTU'.

BUSINESS ROUNDUP

Beazer Wins Majority in Koppers

Beazer PLC, the rapidly expanding British building company, said Monday that its hostile \$1.7 billion takeover bid for Koppers Co. had netted it more than half of the shares in the Pittsburgh-based construction materials company.

Elf Is Paying £308 Million For RTZ's Oil and Gas Unit

Elf Aquitaine, the French state oil company, has agreed to acquire RTZ Corp.'s oil and gas business for £308 million (\$379 million) in an effort to expand its stake in Britain's North Sea fields, the companies said Monday.

Earlier this year, Elf tried to buy another British North Sea oil company, Tricentrol PLC, for £148.4 million. But Elf was outbid by Atlantic Richfield Co., which won Tricentrol in February with a £187 million offer.

The French company is already a major producer in Britain's offshore oil fields, and expects to pump the equivalent of 120,000 barrels of oil a day in those fields this year.

AIRLINE: Carrier's Demise Hailed

Aeroméxico as an example of his administration's "radical restructuring" of various state-controlled sectors of the economy, in particular civil aviation. "Mexico can no longer allow itself the luxury of having inefficient, money-losing enterprises that constitute a burden for all of society," he said.

Ever since it passed into the hands of the Mexican government in 1959, Aeroméxico has been a drain on the state's resources. But deficits have grown in recent years, and the government has had to pour hundreds of millions of dollars of subsidies into the company to keep it operating.

The Ministry of Communications and Transportation did not return phone calls requesting an interview to discuss the Aeroméxico bankruptcy and the wider restructuring of Mr. de la Madrid's order.

Republic Clearing Corporation advertisement featuring Futures & Options on Futures, Gold & Silver, Currencies, Financial Instruments, and Stock Indexes. Includes contact information for New York and London offices.

Japanese DAT Industry Wary of Tandy CD Claim

TOKYO — Tandy Corp.'s declaration last week that it intends to sell an erasable compact disk within two years could prove a blow to Japan's digital audio tape industry, securities and industry analysts said Monday.

But company spokesmen and analysts in Japan, where DAT was pioneered, said they doubted that the U.S. consumer electronics company could realize its timetable for selling compact disk player-recorders at less than \$500.

Two Japanese companies, Sony Corp. and Sharp Corp., already sell disk systems that can re-record computer data, but Sony's costs 1.6 million yen (\$13,000) and Sharp's 1 million yen.

These systems could be adapted to record music, but the price would be too high for consumers, analysts said.

For digital audio tapes, which sound as clear as compact disks, the cheapest recorder in Japan costs 120,000 yen or about \$770. The main advantages of DAT over CDs — that they can record — would be eliminated if Tandy succeeded.

However, sales of DAT recorders outside Japan have been slowed by record companies' efforts to limit the copying of their products.

Inside Japan, sales last year were estimated at 30,000 units, below the 50,000 expected when DAT was launched in February.

"Maybe it does have the technology to produce a cheap re-recordable compact disk," one analyst said of Tandy's claim. "If it does, then that is Nobel Prize-winning work."

"How Tandy can do it so cheaply is really amazing," said Sanae Suzuki Rawle, an analyst at the brokers Barclays de Zoete Wedd.

"The digital audio tape industry had thought that such an innovation as Tandy's would not come for about 10 to 20 years," she added.

"If Tandy can do as they say, then this will have a very, very negative impact on DAT."

Much of the doubt over Tandy's claim centered on why the company would need to wait up to two years to market its product.

Existing methods in Japan for recording data on optical disks, such as Sony's and Sharp's involve magnetic forces to alter data that is magnetically arranged.

A spokesman from a Japanese audio company who declined to be identified said that it was possible, as Tandy itself has hinted, that the company had found a treatment for the disks themselves, eliminating the need for expensive recording and erasing systems.

But, he said, that treatment may have increased the cost of the disks.

Advertisement for the Oil and Money Conference in London, featuring the Herald Tribune. Includes dates (October 13 and 14, 1988) and contact information for Jenni Bielenberg.

U.S. Publisher Hopes to Get Soviets Reading About PCs

BOSTON — IDG Communications Inc., the publisher of more than 90 computer magazines and newspapers around the world, is about to set up shop in the Soviet Union with a publication aimed at personal computer users.

IDG, a company with \$300 million in annual sales, is spending a modest \$250,000 initially to introduce PC World USSR, a magazine produced with Soviet partners for a Soviet readership.

"It's a challenge to operate in the Soviet Union," said Alex Leblais, IDG's chief executive.

Few of IDG's publications, which include PC World and Infoworld, have been introduced in such a sensitive political environment. And there may be only 100,000 personal computers in the Soviet Union, compared with as many as 13 million in the United States, Mr. Leblais said.

But, he said, there is growing Soviet demand for computer-related publications.

IDG, a unit of International Data Group, sees the Soviet Union as an untapped market that can be developed, particularly when Western markets start to flatten.

IDG's partner is Radio i Sviat, a publisher of books and magazines on electronics and communications.

Crucial to getting the venture started were the Soviet Union's liberalized foreign investment laws and the recent easing of U.S. technology transfer regulations.

IDG officials thought that if Soviet consumers could now buy Western computer products, then Western advertisers would have a reason to buy space in a computer-oriented magazine. Among the companies in the first issue are Ashton-Tate Co., Microsoft Corp., Atari Corp., Bull and Siemens AG.

To date, many Western companies trying to arrange ventures with the Soviet Union have been slowed by problems with bureaucracy and repatriating hard currency.

But IDG appears to have avoided the hard-currency problem because advertising is paid for in Western currencies and collected by the American partner.

The newstand price of PC World USSR will be 2 rubles, or \$3.20 at the official rate. The first issue, one of three planned for this year, is expected to be on the stands in June. Six issues are planned for next year. The joint venture is printing 50,000 copies for sale at bookstores and newsstands.

According to \$3 of the Terms and Conditions of the issue all Bonds will be redeemed at par on June 12, 1988.

The Bonds will be paid in the Federal Republic of Germany (including Berlin West) at Commerzbank Aktiengesellschaft, Frankfurt/Main and its branches.

The Bonds shall cease to bear interest as per June 11, 1988. The coupon as per June 12, 1988 will be paid separately.

London, England, April 1988 Security Pacific EuroFinance Inc.

Security Pacific EuroFinance Inc. advertisement featuring 7% DM 60,000,000 Bonds of 1984/1988. Includes details on repayment and interest.

B.S.I. BUSINESS SCHOOL LAUSANNE advertisement featuring SATURDAY M. B. A. program with details on tuition and contact information.

Indigo Take-off advertisement for Wolf Street, a computer-related publication, including contact details for Indigo Investment S.A.

Security Pacific EuroFinance Inc. advertisement for 7% DM 60,000,000 Bonds of 1984/1988, detailing terms and conditions.

Chemical Bank Home Loans advertisement offering special terms for UK mortgages, including 100% mortgages for expatriates.

Seagram Sets China Venture

MONTREAL — Seagram Co. has signed a joint venture agreement with China Distillery in Shanghai to produce whiskeys and sparkling wines for the Chinese and other Asian markets.

The company said it would buy eight short-range 737-400s in addition to the 737s. International Leisure said financing arrangements for the purchase are not yet complete.

The 737s will be equipped with Rolls Royce RB 211-535E4 engines, which will mean an order of £250 million (\$470 million) for the British firm. The 737s will have French CFM 56-3C engines.

Delivery of the planes will stretch over five years, ILG said. The planes are aimed at helping ILG carry out expansion projects of two subsidiaries, Air Europe in Britain and Air Europa in Spain.

The group now has a fleet of 13 Boeing, and is to receive a 737 next month, plus five 737s next year. (Reuters, AFP)

Britain's ILG Orders 30 Jets From Boeing

LONDON — International Leisure Group, the parent of the charter operator Air Europe, announced Monday that it would buy 30 jetliners valued at \$1.4 billion from Boeing Co. The agreement includes 22 737-200s, the largest order for the aircraft placed by a foreign company.

The company said it would buy eight short-range 737-400s in addition to the 737s. International Leisure said financing arrangements for the purchase are not yet complete.

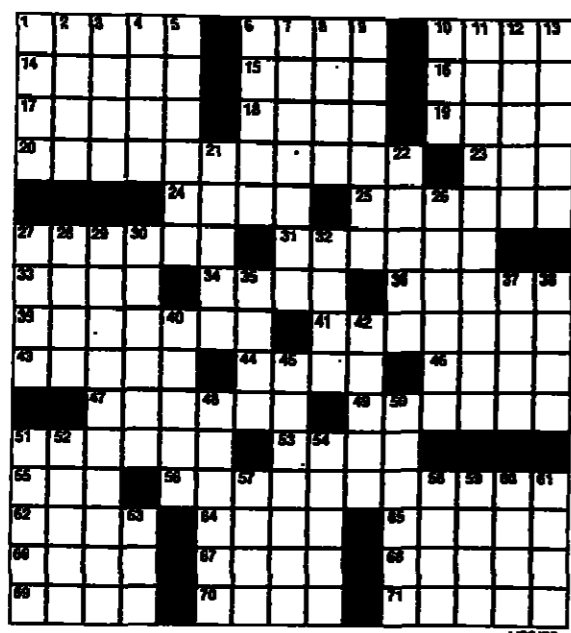
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Large advertisement for Commerzbank featuring the slogan "Quality is the cornerstone of achievement" and "Focus on global investment banking". Includes text about healthy earnings performance in 1987 and a table of group highlights.

Selected U.S.A./O.T.C. Quotations table listing various stocks and their bid/ask prices.

Small advertisement for Republic Clearing Corporation.



ACROSS

1 Foreheads
6 Bureau finisher
10 Qualified
14 Citrus fruit
15 Submarine
16 Kind of table or hall
17 Reverse
18 And others: Abbr.
19 Raton, Fla.
20 Erudite via reading
23 Krazy — of comics
24 Recent
25 Mottled appearance
27 Ornament in relief
31 Like some modern music
32 Bird with a weird cry
34 Italian commune
36 Plumbing, e.g.
39 Fabric with raised designs
41 Apparition
43 Requested
44 The Charlees' pet
46 Voracious teleosts
47 Swell
49 A semihard yellow cheese
51 Like the Mohawk Trail

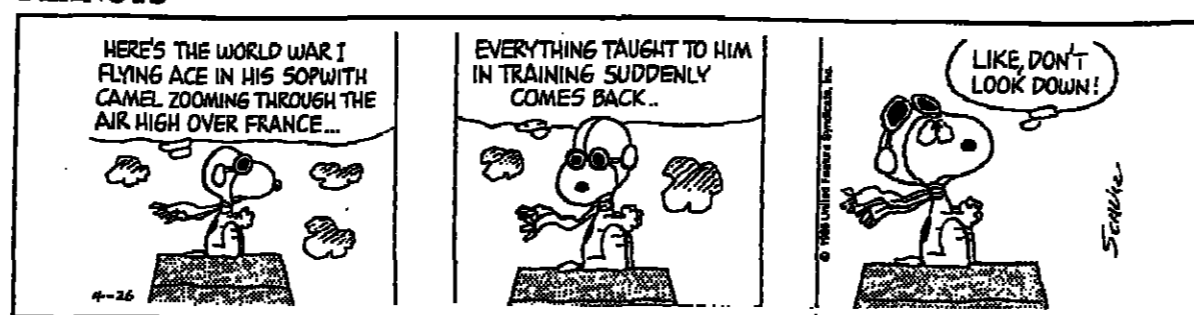
DOWN

1 Tuttle
2 Decorate again
3 Melville novel
4 Be employed
5 Short lines for fishhooks
6 Sharper
7 Asylum
8 Island in County Donegal
9 El Greco's "View of..."
10 Emergency pt. message
11 Set of ex libris
12 Not express
13 Happily
21 Alleviated
22 Author of "Divina Commedia"

26 Package
27 Site of Napoleon's first exile
28 Humus layers
29 Volume vendor
30 — a blue moon
32 Touchstone
35 Capital
37 Ready-to-eat food store
38 Formerly, once
40 Extempore
42 Place for a cookout
45 Fleishy plant of the mustard family
48 Future seeks
50 Relatives by marriage
51 Magi
52 Plant related to the onion
54 Petruccio's Katherina
57 Trompe l' — (visual deception)
58 Sketch
59 Chap, fellow: Sp.
60 Pearl Buck's "The Living"
61 Withered
63 Table-talk collection

© New York Times, edited by Eugene Malachuk.

PEANUTS



BLONDIE



BEETLE BAILEY



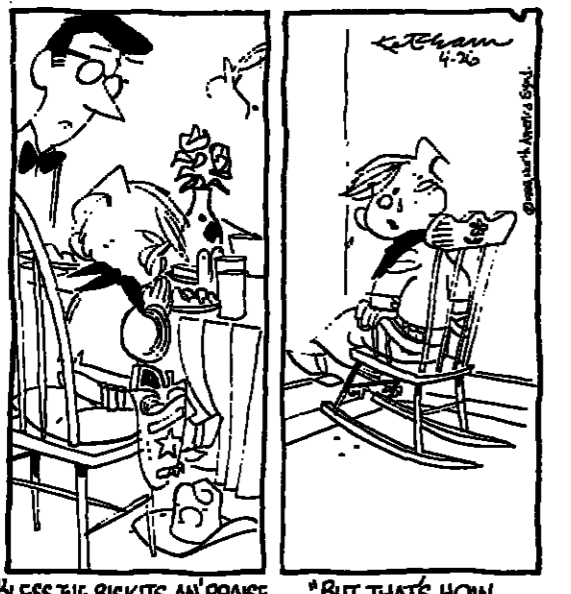
ANDY CAPP



WIZARD of ID



DENNIS THE MENACE



REX MORGAN



GARFIELD



BOOKS

MEMOIR OF A MODERNIST'S DAUGHTER

By Eleanor Munro. 271 pages. \$18.95. Viking Inc., 40 West 23d Street, New York, N. Y. 10010.

Reviewed by Margot Backus

It writes about herself honestly in an act of courage, and Eleanor Munro acquires herself honorably. If there remain some corners of her life unexplored and unexplained, it is not because she was afraid to lift the veil.

the surface of things. Eminent figures who lectured at the museum came to dinner: Gertrude Stein, Margaret Mead, Lewis Mumford and the Indian musician Ravi Shankar. What could go wrong in such a family?

After college and a year in Paris, Munro moved to New York and struck up a friendship with Judith Malina and Julian Beck of the Living Theater. When they cast Picasso's play "Desire Caught by the Tail" with John Ashbery and Frank O'Hara, Munro played Leah Anguish, a name she thought appropriate for her frame of mind.

Solution to Previous Puzzle

AWLS DAMES DADA COOP EDITH EMIL TROUBLES SHOOTERS IMPROVES PRESTO THEM SPAS VARIES SHELTER ALANA CHORE ROT MING SLAYS PIMA REG STOVE CREAM NEWNESS FRESNO ROPE SEES ANGRERS SWEETIES SENATOR HOLLINGS IRAK NOIRE GOAT SOWS SEVER ENDS

What makes Eleanor Munro's memoir more than a sequence of vividly described scenes is that she puts her experience to purpose. A true daughter of the Enlightenment and a feminist who believed that education and understanding could change lives, she generously offers what she has seen and learned. Her intelligence and vulnerability are gifts to the reader.

Margot Backus is a Washington writer. She wrote this review for The Washington Post.

CHESS

By Robert Byrne

HERE are very few players who can claim that they came out ahead of Anatoly Karpov, but now Nigel Short must be added to them.

Short was awarded the first prize of 15,000 guilders (about \$7,932) and had a new tulip, nine years in the cultivation, named after him.

Whenever Short achieved an attacking position, he had no trouble finding the target, as can be seen in his third round smash of the Dutch grandmaster Jan Timman.

Timman's 19... P-R4 may have been a deliberate bluff, but Short already had the attacking setup he wanted and there was nothing to be done against it.

It was all very well for Timman to adopt the tough gambit with 7... P-R4? But Botvinnik made famous, but not so wise to substitute for 9... Q-R4?!

Timman sacrificed a pawn for a second time with 11... B-



Q2, but Short, coldly unimpressed, accepted it. Perhaps the Dutchman hoped that the white king, after 13 K-Q1, would prove more vulnerable than its black counterpart.

An offer by Black to exchange queens with 19... Q-Q1 would have been sharply rebuffed by 20 BxN/5, Bx1 N-R71, R-KN1; 22 P-K61, PxP; 23 RxPch, winning outright.

Timman's 19... P-R4 may have been a deliberate bluff, but Short already had the attacking setup he wanted and there was nothing to be done against it.

Maybe he thought that 24 N-Q6ch, K-Q1; 25 B-N5, P-B3 would let him save his queen, but Short destroyed that hope with his 26 N-N7ch! Since 26... K-K1; 27 PxP would have been annihilating, Timman gave up.

After 22... Q-K2, Short, allowing no respite, struck another brilliant blow with his 23 N-

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World Stock Markets

Via Agence France Presse Closing prices in local currencies, April 25

Table with columns for Amsterdam, Brussels, Frankfurt, London, Madrid, Milan, Paris, Rome, Tokyo, and various stock indices.

Table with columns for Zurich, Toronto, and various stock indices.

Table with columns for Sao Paulo, Mexico, and various stock indices.

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Goldstar advertisement featuring a large logo and text: 'West Germany: the land of quality craftsmanship. West Germany: the land where 300,000 Goldstar TVs and 400,000 Goldstar VCRs are produced every year.'

Arabic text advertisement: 'مكتبة النخيل' (Nakhil Library).

SPORTS

كلنا من الاصل

Padres Sweep Astros On Hawkins' 1-Hitter

Compiled by Our Staff From Dispatches
SAN DIEGO — Andy Hawkins was an unlikely hero. He had not thrown a shutout in almost two years, and began the game with a 6.75 earned run average.

BASEBALL ROUNDUP

The Houston Astros, 3-0, for a sweep of their three-game series. Bill Doran spoiled the no-hitter with a leadoff single in the seventh, then was quickly erased on a double play.

"I really wasn't expecting" a no-hitter, said Hawkins, who struck out five and walked three. "Maybe if it had gotten into the eighth."

He has pitched three three-hitters in six starts in the major leagues. And although this was the 12th no-hitter in the Padres' history — the first since Jimmy Jones beat the Astros, 5-0, on Sept. 21, 1986 — no San Diego pitcher has ever thrown a no-hitter.

Hawkins, 28, was plagued by shoulder problems last season and finished with a 3-10 record and 5.05 ERA. But he was in control Sunday, not allowing a runner past second base.

"I had the rocking effect on the hitter," he said. "I was going in and out so they couldn't sit on one location."

The Astros, who have lost 10 in a row at Jack Murphy Stadium, scored only one run in these three games there. They have been held scoreless for 24 consecutive innings, and Sunday got only two runners as far as second base.

"When you score one run in a series and have one in a day, you have to give their pitching credit," said their manager, Hal Lanier. "We were hitting good coming in here, but that's what good pitching does to good hitting."

The Padres took a 1-0 lead in the fifth on rookie Roberto Alomar's RBI single off Jim Deshaies. It became 3-0 in the eighth on Marvin Wynne's RBI triple and a run-scoring bunt single by Benito Santos.

Cardinals 4, Mets 4: In St. Louis, Ozzie Smith got three hits and Bob Horner and Tom Brunansky each drove in two runs against New York to end a five-game losing streak.

Howard Johnson hit a two-out, two-run homer in the ninth off starter Danny Cox, but reliever Todd Worrel got Mackey Sasser to fly out to end the game.

The Cardinals stole a season-high six bases; Vince Coleman got two and has stolen 34 consecutive bases against the Mets.

Dodgers 4, Giants 8: In San Francisco, Mike Scioscia drove in three runs with two singles for Los Angeles while Fernando Valenzuela and Jay Howell were allowing the Giants only five hits.

Howell came in with two out and the bases loaded in the eighth, then struck out pinch-hitter Will Clark to end the inning.

Twins 13, Indians 7: In the American League, in Minneapolis, Tim Lincecum's two homers and six RBI beats Cleveland and ended the Twins' six-game slide.

It was only the Indians' second defeat in their last 10 games.

Rangers 4, Tigers 4: In Arlington, Texas, Ruben Sierra and Steve Blass hammered against Detroit to help the Rangers end a three-game losing streak.

Mariners 4, Angels 2: In Anaheim, California, Mark Langston

struck out 10 for Seattle in his first complete game this season. Loser Chuck Finley was hurt by five errors as the Angels lost for the sixth time in seven games although Johnny Ray went three for four and has 16 hits in his last 25 at-bats. (AP/UP)

Man Falls at Yankee Game

A man jostling with friends fell 40 feet (12 meters) from a Yankee Stadium escalator as he left Sunday's game and broke several bones. The Associated Press reported.

David Bremner, 28, of Paramus, New Jersey, fell from the ledge level to the main level, grazing a 12-year-old boy as he landed, said Sergeant Maurice Howard, a police spokesman.

The right foot of the boy, Matthew Carrozzini, of Hightstown, Connecticut, was injured but he received medical attention and left with his father, Howard said.

Bremner was taken to Lincoln Hospital, where he was in stable condition with multiple fractures, according to a hospital official. She said Bremner was alert and talking when brought into the hospital.



Catcher Scott Bradley of the Mariners caught Angel batting coach Rick Down's attention, but not the foul ball, with his plunger.

NFL Picks Hole by Hole, Not Skill 1st Quarterback Not Taken Until 68th, and He's a Punter

Compiled by Our Staff From Dispatches
NEW YORK — Michael Irvin and Keith Jackson, two game-breaking receivers, lasted until the 11th and 13th picks. A kicker was chosen before the first quarterback, who was really a punter.

The first day of the National Football League's college draft Sunday was definitely one in which teams went for needs rather than sheer athletic skill.

With few exceptions in the five rounds, which took 9 hours, 28 minutes, teams examined their holes, then went after players to fill them. That was particularly true of the stronger teams: the Cleveland Browns, Denver Broncos, San Francisco 49ers, New Orleans Saints, New York Giants and even the Super Bowl champion Washington Redskins.

Typical was the Miami Dolphins' choice of Ohio State's Eric Kummerow with the 16th pick in the draft. Kummerow, a 257-pound (116 kilogram) defensive end-linebacker, was generally rated as a second-rounder or lower, but he fit one of

the Dolphins' desperate needs. "We had 17 sacks last year and the (Chicago) Bears had 70 so we had to do something," said Chuck Studley, Miami's linebacker coach. "I think he's going to be a great pass-rusher."

Kummerow, at home in suburban Chicago watching the proceedings on television, said he "hit the ceiling when I saw what they were doing."

While a record six wide receivers and five running backs went in the first round, no quarterbacks were chosen. In all, one pure quarterback was taken in the day's 137 picks even though six teams desperately need players at that spot.

In fact the first quarterback taken was Tom Tupa of Ohio State, by the Phoenix Cardinals. Chosen with the 68th pick primarily to punt, he was the NFL's scouting combine's 11th-rated quarterback and probably will be used as an emergency backup.

When the Indianapolis Colts took Washington's Chris Chandler seven picks later, the quarterback drought finally was over, and a record had been set. The lowest the first quar-

terback previously had been taken was in 1974, when the Dallas Cowboys used the 53rd pick on Danny White, who is still their quarterback.

The first eight picks, starting with Auburn linebacker Aundra Bruce, already signed by the Atlanta Falcons, were predictable. Then the Los Angeles Raiders, who had taken Heisman Trophy winner Tim Brown of Notre Dame with the sixth choice, used the ninth on Terry McDaniel, a cornerback from Tennessee projected as a late first-, early second-rounder. He will be used as a successor to the keystones of the Raiders' aging secondary, cornerbacks Mike Haynes and Lester Hayes.

Then the New York Giants took 260-pound offensive tackle Eric Moore of Indiana, following with 306-pounder John Elliott of Michigan on the second round as they sought to rebuild the offensive line that was in part responsible for their slip to 6-9 from a Super Bowl title in 1986.

That left Irvin, the Miami wide receiver and one of the top athletes available, to slip through to Dallas,

which needed just about everything, particularly outside speed. "He should accelerate our return to the living," said Tex Schramm, the team's president.

Jackson slipped by the Cardinals, who in their usual enigmatic style took California linebacker Ken Harvey, claiming they needed an outside rushing linebacker. If he works out, Harvey might compensate for two previous draft disappointments at outside linebacker: Freddie Joe Nunn, the Cardinals' first pick in 1985, and Anthony Bell, their first choice in 1986.

"I think Jackson for the Eagles. I think the guy's as fine an athlete as the draft," said Joe Woolley, the Eagles' personnel director. "And he's graduated. We didn't get a dummy out of Oklahoma."

But most of the better teams went for needs.

The Redskins, whose first pick was the last of the second round and 55th overall, took Chip Lohmiller of Minnesota in hopes of ending the erratic kicking game that has plagued them the last two years.

Then they traded away three later picks to move up in the third round to take running back Rubeen Mayes, whose lock of Peter Stundt, and set up a brother-on-brother confrontation when they took their fourth-rounder to take Jamie Morris of Michigan, brother of Joe Morris, a running back for the NFL's East rival Giants.

Cleveland, desperately needing pass rushers, on the first round went for Clifford Charlton, a blitzing Florida linebacker, then took defensive lineman Michael Dean Perry of Clemson, the brother of Chicago's William Perry. The Browns decided on Charlton over Lorenzo White of Michigan State, who would have augmented an already strong running back corps.

Denver, seeking bulk after being overwhelmed in two straight Super Bowls, took 270-pound nose tackle Ted Gregory of Syracuse with its first choice. Mayes' history of knee troubles. With their second, the Browns took Gerald Perry, a 311-pound tackle from Southern University.

New Orleans, worried about the condition of star running back Rueben Mayes, took the mammoth Craig (Ironhorse) Heyward of Pittsburgh on the first round, then went for the receiving speed the Saints need on the second round with Brent Perriman of Miami.

San Francisco, needing pass rushers, traded down and got two on the second round: Danny Stubbs of Miami and Pierce Holt of Angelo State. The 49ers also satisfied a need for a receiver in the trade with the Raiders, which brought them Dokie Williams.

The Buffalo Bills, with no first-round pick, took a calculated gamble that could pay off when, on the second round, they chose Oklahoma State running back Thurman Thomas. He would have been a first-rounder if not for knee problems.

Of the have-nots, the Detroit Lions, a team that could use everything, teamed to do well, picking up Miami safety Bennie Blades on the first round and getting Ohio State linebacker Chris Spielman and Florida State tight end Pat Carter with two early second-rounders.

Like the Lions, the needy teams tended to be less picky about position than the better teams.

After Atlanta selected Bruce and Kansas City and Detroit made their expected choices of Nebraska defensive end Neil Smith and Blades, Tampa Bay, picking fourth, came through with the first surprise. Needing everything but expected to take a wide receiver, the Bucs took the best offensive lineman, Wisconsin tackle Paul Gruber, even though their coach-general manager, Ray Perkins, had maintained that offensive linemen can be taken any round.

"We would have taken him if we had the first pick of the draft," Perkins said. "I've changed my mind about the left-tackle position. It's now a skill position because he lines up against more and more teams' best athletes, their right defensive end or linebacker, the Lawrence Taylor types. That's why I feel good about Gruber. He is one of the best athletes I've ever seen."

Gruber was followed by defensive back Rickey Dixon of Oklahoma, who went to the Cincinnati Bengals, and Brown.

The Raiders ended up with three picks on the round — the first team since Cincinnati in 1984 to have that many. They made room for Brown by trading Williams and filled two needs with McDaniel and talented but temperamental defensive end Scott Davis of Illinois.

All the surprise selections forced a highly regarded fullback, Stanford's Brad Muster, lower and lower down until the Bears, looking for an offensive lineman and a defensive back, found him too good to pass up as the 23rd pick.

That no major trades took place was not for lack of trying. A lot of teams apparently wanted Houston's first-round selection, the 21st. The Oilers had to pass on that pick because they were trying to trade with any of five teams, resulting in their missing the 15-minute deadline for first-round selections. Cleveland got to choose ahead of Houston because of the delay and, after failing to cut a deal, the Oilers took Michigan State halfback Lorenzo White.

Everyone wondered how the Los Angeles Rams would benefit from their blockbuster trade that sent Eric Dickerson to the Indianapolis Colts. The Rams were happy with the results, gaining record-setting running back Gaston Green of UCLA and Arizona State receiver Aaron Cox with the first-round picks they received in exchange for Dickerson. (AP, WP, NYT)

SIDELINES

2 Welsh Soccer Players Killed in Dallas

DALLAS (AP) — Two Welsh soccer players and a third passenger were killed Sunday and several others were injured when a pickup truck carrying 11 persons overturned as it hit a traffic island while racing another vehicle, police said. The 18-year-old driver of the truck, who was unhurt, was being held on investigative charges of involuntary manslaughter.

Lee Donovan, 28, and Mark Jones, 21, both of the Lucas Girling Ltd. Grange Works soccer team, and Sandra Ann Spiker, 22, of Richardson, Texas, died in the accident. Five team members were treated for injuries, but only one was hospitalized, and he with minor abrasions, officials said.

Dallas Police Investigator Eddie Stone said the soccer players, who had just returned to Dallas from Houston, are "like students, they're going to school and this is kind of a hobby. This is their first trip to the United States touring as a soccer team."

Beck Shoots 64 for Record Victory

NEW ORLEANS (AP) — Chip Beck shot eight-under-par 64 Sunday for a 72-hole total of 262, 26 under par, and a seven-stroke victory over Larry Wadkins in the USPGA Classic. But with a chance to tie the PGA Tour record, set by Ben Hogan 43 years ago, he left a 10-foot (3-meter) birdie putt short on the last hole.

Beck's best round of 69, 64, 65, 64, did break the course record and Lee Trevino's tournament record, each by five shots. He also produced the low 72-hole score on the PGA Tour this year, the largest winning margin.

For the Record

The International Olympic Committee Sunday it now was too late for the six boycotting nations to enter team-sport events in Seoul, but that North Korea, Cuba, Ethiopia, Albania, Nicaragua and the Seychelles still could enter athletes for individual competition.

Mark Conover, a two-time NCAA Division II cross-country champion at Embold State, won Sunday's U.S. Olympic men's marathon trials and \$50,000, the largest cash prize in marathon history. Ed Eyestone was second while Pete Fitzgerald, third, became the first to earn consecutive spots on the U.S. team since Frank Shorter in 1972 and '76.

The Soviet Union, which last week broke ground for a baseball stadium, Sunday began to build its first golf course, a nine-hole layout near the Swedish Embassy in Moscow that is a joint venture with Sweden and will be named for Tumba Uhlsson, a Swedish hockey player in the 1950s. Among the honorary members, Tass said, will be former "James Bond" star Sean Connery.

Ten persons were hospitalized with stab wounds and another 10 were arrested after fighting erupted Sunday between rival supporters at Napoli's soccer match in Verona.

Updates

Zola Budd, criticizing the British Amateur Athletic Board for asking her not to compete for at least another four weeks while it investigates her eligibility, said Monday, "I want to clear my name as quickly as possible. I've been a political pawn in all of this. If I get to Seoul [for the Olympics] now, I'll be a bonus."

Cherokee Colony, a fast-closing thing in Saturday's Wood Memorial, won't be going to the Kentucky Derby because the colt incurred a backed shin on his left foreleg and will be sidelined until the fall.

Derby hopeful All The Power, winner by eight lengths in the California Derby, will need an operation to have a screw placed in his knee; second-choice Flying Victor also has pulled up lame.

Bruins Lead Canadiens by 3-1; Capitals Tie Devils

United Press International
BOSTON — The Boston Bruins are within a victory of laying to rest the jinx that began 45 years ago.

By defeating the Montreal Canadiens, 2-0, the Bruins took a 3-1 lead Sunday in the Adams Division final of the National Hockey League's Stanley Cup playoffs and now have

STANLEY CUP PLAYOFFS

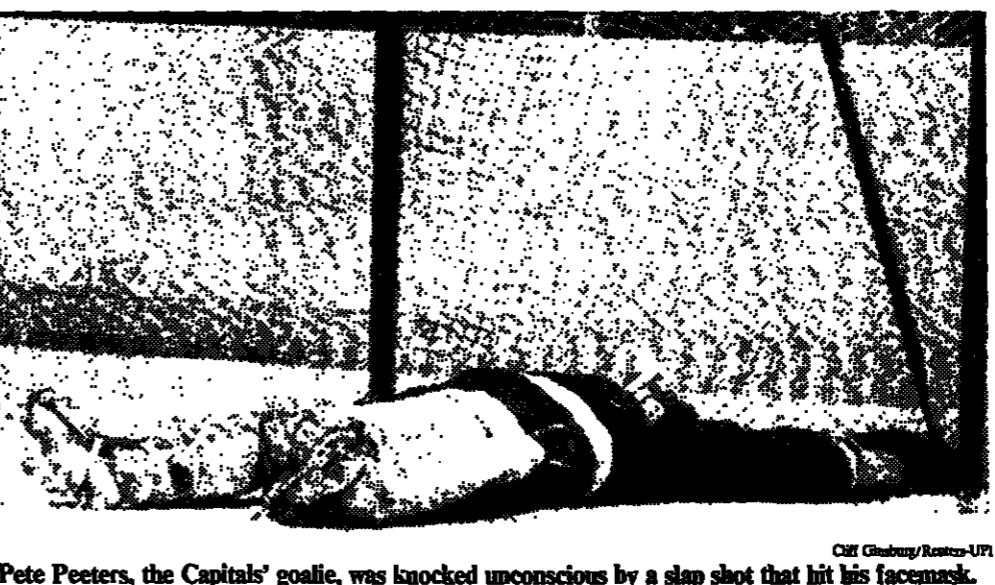
a realistic chance of ending an embarrassing streak of 16 consecutive playoff losses to the Canadiens.

In the Patrick Division, the Washington Capitals beat the New Jersey Devils, 4-1, to pull even at 2-2 in that best-of-seven final.

"Forget what happened before," said the Bruins' goalie, Rejean Lemelin. "We're responsible for creating a new era. This is new. The new Bruins."

Those Bruins can win the division title Tuesday in Montreal. "I don't care if we win it in Tokyo," said defenseman Gord Kluzak. Lemelin, with the second playoff shutout of his NHL career, got his third victory of the series. His teammates supported him with nonstop checking, allowing the Canadiens very few scoring opportunities.

After a scoreless first period, the Bruins took the lead midway through the second when Rick Middleton skated around Larry



Pete Peeters, the Capitals' goalie, was knocked unconscious by a slap shot that hit his facemask.

Robinson and backhanded a shot past goalie Patrick Roy. From then on, the Bruins never looked back, although victory was not assured until Gord Kluzak scored into an empty net with 20 seconds left.

"It's a little bit like what we used to do to them," said Montreal's Guy Carbonneau. In East Rutherford, New Jersey, Dave Christian scored twice and

Peter Sundstrom once for the Capitals, who, using aggressive forechecking and crisp passing, thoroughly outplayed the Devils in regaining the home-ice advantage in the Patrick Division final.

The Devils had more success knocking their opponents out of the game than they had in knocking them off their game plan, which was to avoid the rough tactics that

had led to two losses. Washington goalie Pete Peeters and defenseman Garry Galley were hit in the head by New Jersey shots, each leaving the game on a stretcher. Backup goalie Clint Malarchuk was knocked to the ice by a slap shot that hit him in the groin and Peter Sundstrom was badly shaken when checked into the boards.

Peeters, who was in goal for all six of the Capitals' postseason victories, was knocked unconscious when John MacLean's shot from the slot hit him on the facemask in the second period. He flopped backward into the goal and lay motionless for 10 minutes.

As Peeters lay on the ice, Tom Kurvers took a shot with the rebound, touching off a melee, and play ground rougher thereafter. Malarchuk replaced Peeters and made 13 saves. Peeters had made 12.

Early in the third period, Galley slid in front of Aaron Broten's slap shot and was struck on the forehead. Both he and Peeters were being held overnight at Hackensack Hospital for observation.

Afterward, the Capitals recalled goalie Alain Raymond and defenseman Chris Felix from Ft. Wayne of the International Hockey League.

Jordan's 46 Beats Celts, Keeps Scoring Title

Los Angeles Times Service
CHICAGO — Michael Jordan, with 46 points, won his second straight National Basketball Association scoring title Sunday night as the Chicago Bulls hung on to beat the Boston Celtics, 115-108, for the third round in the Eastern Conference.

That meant that the Bulls will not have to play the Celtics, should both teams advance, in the second round of the postseason tournament. The Bulls finished with a 50-32 record, same as the Atlanta Hawks, but had a season series edge of 3-2. So the Hawks open

with Milwaukee in the best-of-five series, with the winner almost sure to draw Boston in the second round. The Bulls play Cleveland in the first round, while Detroit plays Washington, with the winners meeting in the second round.

The Bulls, in the regular season finale, didn't make anyone believe they are ready to challenge the Celtics. Although Larry Bird was left in Boston, Kevin McHale was kept on the bench and Robert Parish and Dennis Johnson played only a few minutes at the start, Danny Ainge and the much-maligned Boston reserves pushed Jordan and Co. to the limit.

The Celtics rallied from a 14-point deficit to close to 106-103 with a little more than two minutes left. Then Sam Vincent, a No. 1 pick by the Celtics in 1985, stole the ball, went in for a lay-up, was fouled and made it a 109-103 game.

The Bulls' Charles Oakley lost the season's rebounding title, although he got 21 against the Celtics, when later in the evening Michael Cage of the Los Angeles Clippers, playing on his home court, pulled down a career-high 30 against the Seattle SuperSonics.

Cage finished with an average of 13.27 per game, Oakley with 13.0.

SCOREBOARD

NBA Standings

Table with columns for Eastern Conference Atlantic Division and Central Division, listing teams and their records.

WESTERN CONFERENCE

Table with columns for Midwest Division and Pacific Division, listing teams and their records.

SUNDAY'S RESULTS

Table listing basketball game results from Sunday, including scores and series status.

Sunday's Major League Line Scores

Table listing baseball game results from Sunday, including scores and series status.

Major League Statistical Leaders

Table listing statistical leaders in baseball, including batting average, home runs, and RBI.

Baseball

Table listing baseball game results from Sunday, including scores and series status.

Major League Standings

Table listing baseball team standings in the American League East Division.

Golf

Table listing golf tournament results, including winners and scores.

Hockey

Table listing NHL playoff results, including scores and series status.

NHL Playoffs

Table listing NHL playoff results, including scores and series status.

Golf

Table listing golf tournament results, including winners and scores.

Hockey

Table listing NHL playoff results, including scores and series status.

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Football

Table listing NFL college draft picks, including player names and positions.

NFL College Draft

Table listing NFL college draft picks, including player names and positions.

European Soccer

Table listing European soccer results, including winners and scores.

Transition

Table listing baseball team standings in the National League East Division.

Transition

Table listing baseball team standings in the National League East Division.

Tennis

Table listing tennis tournament results, including winners and scores.

ART BUCHWALD

The Contra Connection

WASHINGTON — Poor Nancy Reagan. She's been trying for the past seven years to stop drugs from being distributed in the United States. All the while, government agencies working for her husband were smuggling narcotics into the United States.

Film Long Barred Wins Soviet Prize

MOSCOW — A Soviet film about ordinary oppression in the lives of collective farmers won the top prize at the country's 1988 film festival on Monday after having been banned by censors for more than 20 years.

Historian's Monument to World War II

By Ronald van de Krol International Herald Tribune AMSTERDAM — Thirty-three years of unraveling the story of the Dutch in World War II have taken their toll on historian Lou de Jong in at least one way — his handwriting has become smaller and smaller with the completion of each volume of his 26-book work.



Lou de Jong spent 33 years on his monumental history of the Netherlands in World War II.

De Jong, whose twelfth volume will be published Thursday, rummages through a stack of legal pads in the study of his Amsterdam home, searching for samples. The size of my letters has diminished to half or even one-third of what it used to be, he says, pointing to a barely decipherable, thin line of text.

De Jong's narrative of the Dutch in World War II runs to 14,720 printed pages. The 12 volumes are divided into 26 books. De Jong, who is now 74, began his research in 1955 and started writing in 1967. A rigorous schedule of working from 8:30 A.M. to 5:30 P.M., five days per week, year in and year out, might make him sound more like a monk than a writer and university professor, but De Jong is anything but an ivory tower recluse, and he has achieved celebrity status in the Netherlands.

De Jong, who is Jewish, managed to escape to England with his wife when the Germans invaded in May 1940. His parents, twin brother and sister were later killed by the Nazis.

After liberation, De Jong returned to the Netherlands and became the head of the newly-established Office of War Documentation, a position he held until 1979.

PEOPLE

Bidder Pays \$200,000 For Warhol Cookie Jars

When Gedallo Grinberg buys his next batch of biscuits, he'll have plenty of places to put them. Grinberg, who lives in New York, paid almost \$200,000 for 137 cookie jars which, along with some pitchers, canisters, and salt and pepper shakers, included in the lot, were part of Andy Warhol's personal collection.

Jeffrey Archer announced he had paid £1.2 million (about \$2.26 million) for a 60-percent share in London's newest theater, the "Playhouse." It could have been an office block but I shall get much more pleasure out of it, Archer, former deputy chairman of the Conservative Party, said.

Julio Iglesias, one of the world's top-selling recording artists, is expected to tape a 90-minute special for China Central Television studios.

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